No. 89-1193

In The

Supreme Court of the United States

October Term, 1989

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.

Petitioner,

V.

RICHARD A. DIETER et al.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

Merrill N. Johnson
800 Harbour Drive
Naples, Florida 33940
(813) 262-8502

Attorney for Petitioner

QUESTIONS PRESENTED

1. Did the Court of Appeals exceed its appellate authority in reversing the trial court's findings of fact when the Court of Appeals, contrary to its repeated statements that it had reviewed the entire record including the exhibits, did not have any of the trial court exhibits which were critical to a proper evaluation of the evidence considered by the trial court?

2. Should this Court reverse the Court of Appeals' decision due to the failure to comply with Rule 52, F.R.Civ.P., Rule 10, F.R.App.P. and prior decisions of this Court which require a review of the entire record prior to reversal of a

trial court's findings of fact as clearly erroneous?

3. Did the Court of Appeals improperly expand beyond this Court's decision in Park 'N Fly, Inc. v. Dollar Park and Fly, 469 U.S. 189 (1985) (hereinafter "Park 'N Fly") by creating a presumption that a registered trademark which has achieved incontestable status is a strong mark, an important question of federal law which has not been but should be decided by this Court?

4. Should the Court of Appeals' decision be reversed since it is in direct conflict with post-Park 'N Fly decisions in

virtually every other circuit and post- Park 'N Fly amendments to the Federal Trademark Law relating to the rights to be afforded incontestable trademark registrations?

STATEMENT PURSUANT TO RULE 28.1

Petitioner B & H Industries of Southwest Florida, Inc. does not stand in the position of parent, affiliate or subsidiary to any other corporation.

TABLE OF CONTENTS

	Pages
QUESTIONS PRESENTED	1
STATEMENT PURSUANT TO RULE 28.1	3
TABLE OF CONTENTS	i
TABLE OF AUTHORITIES	iv
OPINIONS BELOW	4
JURISDICTIONAL STATEMENT	5
STATUTES AND RULES INVOLVED	5, A80
STATEMENT OF THE CASE	6
A. Nature of The Case	6
B. Proceedings and Decisions Below	23
ARGUMENT	31
I. The Panel Exceeded Its Appellate Authority and Its Decision Should Be Reversed	31
A. The Panel Did Not Review the Entire Record	31

TABLE OF CONTENTS (cont'd)

B. Without a Complete Record, The Panel Improperly Reversed the Trial Court's Findings of Fact 34

C. The Findings of the District Court Should Not Have Been Set Aside As Clearly Erroneous 38

II. The Panel Improperly Expanded Beyond This Court's Decision in Park 'N Fly By Creating a Presumption That Trademarks Which Have Achieved Incontestable Status Are Strong Marks 46

A. This Court's Ruling In Park 'N Fly Created a Presumption of Validity, Not Strength 46

B. The Panel's Decision is in Direct Conflict With the Interpretation of This Court's Ruling in Park 'N Fly By Various Other Courts of Appeals 51

C. The Federal Trademark Law Has Been Amended to Codify the Decisions of the Other Circuits 55

TABLE OF CONTENTS (cont'd)

D. The Registration at Issue in This Case Should Not Have Been Afforded Incontestable Status 59

CONCLUSION 63

APPENDIX

Opinion and Order, United States District Court for the Middle District of Florida dated April 11, 1988 A1

Opinion and Judgment Order, United States Court of Appeals for the Eleventh Circuit dated August 10, 1989 A22

Order denying Suggestion of Rehearing In Banc, United States Court of Appeals for the Eleventh Circuit dated September 21, 1989 A78

Statutes and Rules Involved A80

TABLE OF AUTHORITIES

Cases	Page
Ambrit, Inc. v. Kraft, Inc., 805 F.2d 974 (11th Cir. 1986), cert. denied, 481 U.S. 1041 (1987)....	40
American Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F.2d 3 (5th Cir. 1974).....	63
Anderson v. City of Bessemer City, N.C., 470 U.S. 564 (1985).....	35,41
Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920 (10th Cir. 1986).....	49,55
In re Beverly Mfg. Corp. 841 F.2d 365 (11th Cir. 1988).....	35,39
Burger King Corp. v. Mason, 710 F.2d 1480 (11th Cir. 1983), cert. denied, 465 U.S. 1102 (1984).....	48
E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, 756 F.2d 1525 (11th Cir. 1985);.....	39
In re Precious Diamonds, Inc., 635 F.2d 845 (C.C.P.A. 1980).....	61
In re Weider, 212 U.S.P.Q. 947 (Comm'r of Patents 1981).....	62

CASES (contd.)

Cases	Page
Inwood Labs, Inc. v. Ives Labs, Inc., 456 U.S. 844 (1982)	40,44
Kelly v. Greer, 354 F.2d 209 (5th Cir. 1965)	37
Lawson Products Co. v. Avent, Inc., 782 F.2d 1429 (7th Cir. 1986)	35
McDonough Marine Service, Inc. v. M/V Royal Street, 608 F.2d 203 (5th Cir. 1979)	36
M-F-G Corp v. Emra Corp., 626 F.Supp 699 (N.D.Ill. 1985), aff'd, 817 F.2d 410 (7th Cir. 1987)	52,53
Miss World (UK), Ltd. v. Mrs. America Pageants, Inc., 856 F.2d 1445 (9th Cir. 1988)	54
Moore v. United States, 412 F.2d 229 (5th Cir. 1969)	37
Oil & Gas Income, Inc. v. Woods Exploration Producing Co., 362 F.2d 309 (5th Cir. 1966)	36
Oreck Corp. v. U.S. Floor Systems, Inc., 803 F.2d 166 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987)	52

CASES (contd.)

Cases	Page
Park 'N Fly, Inc. v. Dollar Park and Fly, 469 U.S. 189 (1985).....	30,46, 49,57, 58,59
Park 'N Fly, Inc. v. Dollar Park and Fly, 782 F.2d 1508 (9th Cir. 1986).....	54
Rachbach v. Cogswell, 547 F.2d 502 (10th Cir. 1976).....	36
Salinger v. Random House, Inc., 818 F.2d 252 (2nd Cir. 1987), cert. denied, 484 U.S. 890 (1987).....	37
Sanford Bros. Boats, Inc. v. Didrine, 412 F.2d 958 (5th Cir. 1969).....	37
Source Services Corp. v. Chicagoland Jobsource, Inc., 643 F.Supp. 1523 (N.D.Ill. 1986).....	49,50
United States v. United States Gypsum, 333 U.S. 364 (1948).....	39
Wu v. Thomas, 847 F.2d 1480 (11th Cir. 1988).....	35
Wynn Oil Co. v. Thomas, 839 F.2d 1183 (6th Cir. 1988).....	51

Statutes and Rules

	PAGES
15 U.S.C. § 1114(a)(1).....	6
15 U.S.C. § 1115(b).....	6,24,56, 57,64,A82
15 U.S.C. § 1119.....	6,A83
15 U.S.C. § 1121.....	7
15 U.S.C. § 1125(a).....	7
15 U.S.C. § 1058(a).....	60,A82
28 U.S.C. § 1338(a) and (b).....	7
28 U.S.C. § 1254(1).....	5
Fed. R. App. P. 10(a).....	5,34,38, A81
Fed. R. App. P. 10(e).....	6,A81
Fed. R. Civ. P. 52(a).....	5,35,39, A80
Rule 11-2, Eleventh Circuit Court of Appeals.....	6,32,A83
Rule 11-3, Eleventh Circuit Court of Appeals.....	6,32,A84
Rule 30-1, Eleventh Circuit Court of Appeals.....	6,32,A84
Rule 42-1(b), Eleventh Circuit Court of Appeals.....	6,32,A86

Other Authorities

	PAGES
Rule 52(a), Fed. Rules of Civ. Procedure.....	5,A80
Fla. Stat. § 495.151.....	7
Fed. R. Civ. P. 52(a) Advisory Committee's Notes (1985).....	A80
1 J. Gilson, Trademark Protection and Practice, § 4.03[3][a][i], n. 52 (1989).....	58
2 J. McCarthy, Trademark and Unfair Competition § 32:44(B), (2nd ed. Supp. 1988).....	58
Report and Recommendations of the Trademark Review Commission, 77 The Trademark Reporter 415 (1987)..	56,57
S.Rep. No. 515, 100th Cong., 2nd Sess. (1988).....	57
Trademark Law Revision Act of 1988, Pub.L. 100-667.....	55

IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1989

B & H Industries of Southwest Florida, Inc.,

Petitioner,

v.

Richard A. Dieter et al.,

Respondents.

OPINIONS BELOW

The opinion of the United States District Court for the Middle District of Florida entered on April 11, 1988, reported at 683 F. Supp. 1345, is reprinted in the Appendix at A22. The opinion of the Court of Appeals for the Eleventh Circuit dated August 10, 1989, reported at ____ F.2d __, 11 U.S.P.Q. 2d 1721, is reprinted in the Appendix at A1. The denial of

Petitioner's Suggestion for Rehearing In Banc entered September 21, 1989 is reprinted in the Appendix at A78.

JURISDICTIONAL STATEMENT

The judgment of the Court of Appeals for the Eleventh Circuit appealed from herein was entered on August 10, 1989. Petitioner filed a Suggestion of Rehearing In Banc which was denied on September 21, 1989. This Petition for Certiorari was filed within ninety (90) days of that date. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTES AND RULES INVOLVED

This case involves Rule 52(a), Federal Rules of Civil Procedure; Rule 10(a), Federal Rules of Appellate Procedure; Rule

10(e), Federal Rules of Appellate Procedure; 15 U.S.C. § 1115(b); 15 U.S.C. § 1119; Rule 11-2, Eleventh Circuit Court of Appeals,; Rule 11-3, Eleventh Circuit Court of Appeals; Rule 30-1, Eleventh Circuit Court of Appeals; and, Rule 42-1(b), Eleventh Circuit Court of Appeals. These provision are reproduced in the accompanying Appendix.

STATEMENT OF THE CASE

A. Nature of the Case

On March 27, 1987, Respondents Richard A. Dieter and Dieter General Contractor Inc. (hereinafter collectively "Dieter"), sued Petitioner, B & H Industries of Southwest Florida Inc. (hereinafter "B & H"), for trademark infringement and unfair competition under 15 U.S.C. §§ 1114(a)(1)

and § 1125(a) and Florida common law and for damage to business reputation under Fla. Stat. § 495.151. Jurisdiction of the trial court was based upon 15 U.S.C. § 1121 and 28 U.S.C. § 1338(a) and (b). B & H answered denying all charges and raising the affirmative defense of abandonment which, if proven, would have justified cancellation of Dieter's trademark registration. The following summary of the factual findings of the District Court (Appendix, A24-A47) outlines the basic dispute between the parties.

Dieter is the president and sole shareholder of Richard A. Dieter General Contractor, Inc., a Florida corporation (Dieter, Inc.). Dieter, Inc. has its headquarters in the Tampa Bay area, and it does business under the name "Shutterworld."

Shutterworld assembles, distributes and deals in various types of shutters, including pre-hung wooden shutter assemblies. According to the testimony of Dieter, Shutterworld sells its shutters through approximately 300 dealers, located along the west coast of Florida between New Port Richey and Naples. It also sells directly to customers from its two retail outlets, which are located in Tampa and in Largo, Florida.

In 1976 Dieter applied for federal registration of a trademark incorporating the name "Shutterworld." The mark consists of the name in script form posed on a large letter "O" (Appendix A77). Dieter was granted registration number 1,062,778 on April 5, 1977 for use of the mark on "pre-hung wooden shutter assemblies."

In 1983, a "combined sections 8 & 15 declaration" was filed by Janet E. Hudson as secretary-treasurer. The declaration stated that "Shutterworld, Inc., a Florida corporation" was owner of federal registration number 1,062,778. It stated that the registered mark had been in continuous use in interstate commerce for "pre-hung wooden shutter assemblies" since April 5, 1977, and that the mark was still so used.

Dieter deals primarily in decorative wooden shutters that are intended for indoor use. The various models include shutters with small louvers ("regular slatted" models), shutters with wide louvers, and "fabric frame" shutters without louvers. Deiter testified that he deals also in exterior shutters.

The wooden interior shutters that Dieter carries are manufactured at Dieter's headquarters in Largo. Dieter has a manufacturing location in Fayette, Missouri. The operation in Missouri consists primarily of the ripping and finishing of materials for the shutter Frames; Dieter testified that a few sales of wooden shutters are made from the location.

Dieter does not manufacture any of the exterior shutters that he sells. These shutters are purchased from independent suppliers and resold under the name "Shutterworld."

Dieter sells his products to dealers, to builders, and directly to the public. Many of the dealers to whom Dieter sells are interior decorators, who include

Dieter's interior shutters in their job estimates. Dieter provides shutters either unfinished, or finished with paint or stain. Dieter testified at trial that 75% of the wooden shutters that he sells, either through dealers or from one of his retail outlets, have been painted or stained.

Dieter has made use of the name "Shutterworld" in forms other than the registered design. The name "Shutterworld" is used on large signs and awnings at both the Tampa and Largo retail outlets. At each of these locations, the name appears in plain block letters and as a single, unhyphenated word. The name appears on Dieter's delivery truck, again in block letters, this time superimposed on a depiction of the globe. It is used on plaintiff's letterhead, in a script form

similar to that in the registered version but without the large "O" that forms part of the registered design. The name has been used in plain block letters in advertisements appearing in various media.

Dieter since the mid-seventies has bought newspaper and telephone book advertising in the Tampa-St. Petersburg area. Since that time he has placed ads in the St. Petersburg Times and Tampa Tribune (Sunday television sections). Before Dieter's Osprey, Florida store was closed in 1977, Dieter advertised in the Sarasota Herald Tribune. His advertisement appears in the yellow pages (telephone directory) for Clearwater, St. Petersburg, Sarasota, Palmetto, Lakeland, New Port Richey, Tampa, and other areas in the vicinity (Pinellas, Hillsborough and Pasco counties). Dieter's

telephone book advertisements appear under the listing for "shutters". In all of the newspaper and telephone book ads, Dieter's product is identified with the single word "Shutterworld" in block letters.

Dieter's gross sales of shutters for fiscal years 1982 through 1986 were as follows:

1982	$183,959
1983	$212,455
1984	$274,124
1985	$265,690
1986	$350,000

In 1987, Dieter spent between $14,000 and $15,000 in advertising.

B & H has been engaged in the shutter business in Southwest Florida under the name "Shutterworld" since 1983. Its headquarters is in Fort Myers, which is approximately 120 miles south of Tampa and

Largo. Before using the name "Shutterworld," B & H did business in the Fort Myers area as "Gary's Hurricane Shutter Center."

B & H sells a product that was described at trial as an insulated roll-down security shutter. This shutter is designed primarily for exterior installation. It provides protection from hurricanes and intruders, but is not intended for decoration.

In early advertisements, B & H used the name "Shutterworld" in conjunction with the slogan "a name you can rely on," but later substituted the term "the roll shutter leader" to eliminate the possibility that the name would be identified with products other than roll-down shutters.

B & H obtained a Florida registration of the mark "Shutterworld, a name you can rely on" and accompanying design on February 7, 1984. The registration reflects that B & H first used the mark in September of 1983. The design as registered includes the name in "neon sign" typeface, with an oversized letter "O", and a stylized form of the letters "SW" in three-line script against a dark background. At the time of state registration of the mark, B & H was told that the name "Shutterworld" had not previously been registered in Florida and was available for its use.

B & H sought federal registration of the "Shutterworld" name and logo in 1986. The mark submitted to the U.S. Patent and Trademark Office at that time differed

slightly from the state registered mark. B & H retained the name "Shutterworld" in neon sign lettering but placed the separate "SW" motif inside the large "O" in the word itself. The phrase "the roll shutter leader" was substituted for "a name you can rely on." Appendix A77. The trademark application stated that B & H intended to use the mark on "roll-up security shutters."

Federal registration of B & H's mark originally was refused because of the likelihood of confusion with Dieter's registered mark number 1,062,778. B & H amended its application for registration, submitting an affidavit and pictorial evidence to support its claim that there was a lack of confusion between its mark and Dieter's. The mark thereafter was

deemed apparently "entitled to registration," and was published pursuant to statute. Dieter filed an opposition to registration of the B & H mark.

B & H uses the term "Shutterworld" to identify its business; it also affixes labels containing its "Shutterworld the Roll Shutter Leader" mark to the roll-down shutters themselves by placing labels on the bottom slat of the shutters. The mark is used on B & H's business cards. Testimony at trial disclosed that B & H never intentionally uses the word "Shutterworld" unless it is accompanied by the slogan ("the roll shutter leader"), and in stylized form.

B & H does not maintain its own storefront for sales of its product. Rather, B & H's product is on display at

several independent "home improvement centers" located in the nearby communities of Naples, Venice and Port Charlotte. Most sales are made directly to homeowners. Sales representatives call at a customer's home, where they describe the features of B & H's product and explain the benefits of local custom installation.

B & H advertises its product via several media in the Fort Myers area. It has purchased ads in the Fort Myers News-Press; the Naples Daily News; the Sarasota Herald Tribune; and the Observer, a local tabloid. It has purchased television spots on three network affiliates out of Fort Myers and Naples. Before mid-1976 (sic 1986), it also advertised on two local radio stations. B & H has placed ads in the yellow pages

for Naples, Fort Myers, and Punta Gorda-Port Charlotte. According to testimony at trial, the ads generally identify B & H as "Shutterworld the roll shutter leader."

Trial testimony also established that B & H had no knowledge of Dieter's business or its use of the name "Shutterworld" prior to B & H's first use of the name. There was no evidence presented at trial to refute this. According to the record, B & H first learned of Dieter's trademark in October of 1984 by a letter from the U.S. Patent and Trademark Office. This was subsequent to B & H's Florida state registration of its "Shutterworld" mark. On the basis of this letter, B & H concluded that there was no likelihood of conflict between the two marks based upon

the report that Dieter's business was located in a separate geographic market (Largo), and involved "interstate" sales as opposed to the purely intrastate business of B & H.

B & H's gross product sales for fiscal years, 1983-1987 (ending 3/31/87) were as follows:

1983	$ 340,104
1984	$ 574,773
1985	$ 800,679
1986	$1,118,035
1987	$1,886,956

B & H estimated that as of January, 1988 it had spent a total of $650,000 on advertising.

The products of both parties are generally referred to as "shutters," and are listed in the telephone book under the "shutters" classification. However, Dieter's wooden interior shutters are

physically dissimilar to B & H's metal exterior shutters. The District Court was convinced, based upon the testimony and upon the physical evidence, that buyers of each of the two types of shutters have different uses for the shutters in mind.

The metal exterior shutters, specifically the "Bahama" and "colonial" shutters that Dieter carries, also differ in appearance from B & H's roll-down shutters.

The evidence showed that Dieter carried few, if any, exterior roll-down shutters in its stores, and there was no evidence that it had sold any through its dealers. This led the District Court to conclude that Dieter's dealings with this product were insubstantial.

A pair of Dieter's wooden interior shutters, unfinished, costs between $100.00

and $200.00, depending upon the size, and a painted or finished pair will cost approximately 40% more. An average sale of B & H's shutters runs from $3,000 to $5,000. Both parties' products represent substantial household investments that consumers are unlikely to purchase on impulse.

Dieter learned of B & H's use of the name "Shutterworld" in early 1987, and Dieter testified concerning two occasions shortly before trial in which his business was allegedly confused with that of B & H.

B & H's witnesses testified that they knew of no case in which a customer had mistaken its business for Dieter's.

In August of 1986, Dieter met with two representatives of B & H. The two representatives proposed to Dieter that it

carry B & H's roll-down security shutter product in its Tampa Bay area stores. Dieter refused, replying that the parties were in two different businesses. Dieter then proposed that Dieter license B & H to use the "Shutterworld" name, an offer which was refused.

The Complaint was filed on March 27, 1987.

B. Proceedings and Decisions Below

Following discovery by both parties and a denial of Dieter's motion for summary judgment, a trial was held on January 21 and 22, 1988 in Ft. Meyers, Florida before Senior District Judge Wendell A. Miles without a jury. During the two day trial, the court heard testimony from nine witnesses and admitted into evidence 38 exhibits.

The exhibits included two pre-hung wooden shutter assemblies produced by Dieter, a working model of B & H's motorized roll down security shutter, a magazine intended for circulation in Southwest Florida (Charlotte, Lee and Collier counties), samples of Dieter's and B & H's use of their respective products and trademarks, newspapers and phone book advertisements showing the parties' respective trademarks, Dieter's responses to B & H's request for admissions, Dieter's answers to B & H's interrogatories, and the document filed in the U.S. Patent and Trademark Office on which Dieter relied for his claim that the registration at issue was incontestable under 15 U.S.C. § 1115.

At the close of trial the court clerk collected all the exhibits introduced at

trial with the exception of Dieter's two large bulky pre-hung wooden shutter assemblies and the model of B & H's motorized roll down security shutter. By agreement with the attorneys for both parties, dimensioned photographs of these three physical exhibits were to be substituted for the original exhibits and the district court clerk received these substitute exhibits on January 29, 1988.

In a judgment filed April 11, 1988, Dieter's complaint was dismissed on the merits based upon 36 pages of Findings of Fact and Conclusions of Law written by Judge Miles and dated April 6, 1988. Appendix, A22.

The District Court considered seven factors in finding that Dieter failed to establish a likelihood of confusion: 1)

the type of trademark at issue; 2) similarity of design; 3) similarity of products; 4) identity of purchasers; 4) similarity or retail outlets; 5) similarity of advertising campaigns; 6) defendant's intent; and 7) actual confusion. Appendix, A55.

Recognizing the first factor as being "one of the most critical in the analysis", the District Court found Shutterworld, as used as a trade name, to be generic and therefore unprotectable. Appendix, A59. As to its use and registration as a trademark, the District Court characterized it as "descriptive." The District Court then considered whether the descriptive mark was entitled to heightened protection through proof of "secondary meaning . . . the tendency of the consuming public to

associate a trademark with a particular producer." The District Court held that Dieter had failed to show the existence of secondary meaning. Id.

As to the remaining factors, the District Court found:

1) there was a strong similarity in trademark design (Appendix, A62);

2) The respective products differ "In appearance, in purpose, function, and in price ... they are distinct products." (Appendix A62);

3) a homeowner-consumer conceivably would find it advantageous to outfit his home with both kinds of shutters, but the "retail strategies of the parties are not similar." (Appendix, A65);

4) the respective advertising campaigns are aimed at consumers in

different geographic markets and the evidence shows no medium in which both parties have advertised simultaneously (Appendix, A65 - A66);

5) the evidence showed no nefarious purpose by B & H (Appendix, A67); and

6) there is no solid, credible evidence that any potential customer has mistaken B & H's business for Dieter's (Appendix, A67 - A68).

An overall evaluation of these elements led the District Court to conclude that there was no likelihood of confusion (Appendix, A69).

Chief among the factors that the District Court found "significant" were the "weakness of [Dieter's] mark, and the lack of proof of actual confusion on the part of consumers" (Appendix, A70).

Dieter filed a timely appeal and B & H filed a cross-appeal on the sole issue of the denial of attorney fees. Briefs were filed by both parties and oral argument of the appeal was held on January 9, 1989.

In a per curiam opinion dated August 10, 1989 (Appendix, A1) the three judge panel (the "Panel") found that the District Court acted properly in using the above identified seven factor analysis and agreed with the District Court that the type of mark and evidence of confusion are the most important factors. Appendix, A7 - A8. However the Panel "disagree(d) and reverse(d)." Appendix, A5 - A10. The case was remanded to the District Court for further proceedings consistent with the opinion.

Specifically, the Panel found that the parties' customers, retail outlets, geographic areas of business and marketing channels were so similar as to be likely to cause confusion, and that the District Court's findings to the contrary were clearly erroneous. The Panel "agree[d] with the trial court's determination of the facts, but disagree[d] as to the effect of those facts" on the analysis of likelihood of confusion. Appendix, A10. The Panel also agreed with the District Court's findings that Dieter's mark lacked secondary meaning and that B & H adopted and used the mark in good faith. Appendix A9, A12.

Moreover, the Panel acknowledged that Park 'N Fly left unresolved the question of whether "incontestable" status bears only

on the validity of a mark or also on the strength of a mark in evaluating likelihood of confusion, an issue of first impression in the Eleventh Circuit. The Panel reversed the District Court and held that a mark's incontestable status renders a mark valid and also creates a presumption that the mark is strong. Appendix, A17 - A19.

On August 29, 1989 B & H filed a Suggestion for Rehearing In Banc. An order denying the Suggestion for Rehearing was entered September 21, 1989. Appendix, A78.

ARGUMENT

I. The Panel Exceeded Its Appellate Authority And Its Decision Should Be Reversed

A. The Court of Appeals Did Not Review The Entire Record

The Panel's decision alleges three times that the finding of "clearly

erroneous" was based upon a review of the entire record, including the exhibits introduced at trial. Appendix, A6, A9, A12. However, through no fault of B & H[1], the trial exhibits were not transferred to the Panel together with the remainder of the record.

On October 12, 1989 in the course of preparing the petition to this Court, Merrill N. Johnson, who has served as B & H's attorney from the beginning of this lawsuit, learned for the first time that

---

1. Pursuant to the Rules of the United States Court of Appeals for the Eleventh Circuit, the clerk of the district court is responsible for determining when the record on appeal, including the exhibits, is complete. Rules 11-2 and 11-3. It is the appellant's duty to prepare an Appendix. Rule 30-1. An appellant's failure to file the record may result in dismissal. Rule 42-1(b).

none of the 38 exhibits introduced at trial were ever part of the record on appeal. Thus, these trial exhibits could not have been reviewed or considered by the Panel.

A written statement by Ola Solomon, Deputy Clerk of the U.S. Court of Appeal for the Eleventh Circuit dated October 12, 1989, was given to Mr. Johnson certifying that "there are no trial exhibits on file here in the Eleventh Circuit Court of Appeals, nor do our records indicate that trial exhibits were received here".

Subsequent investigation revealed that the trial exhibits had been retained in the vault of the District Court Clerk in Tampa and were never transmitted to the Court of Appeals in Atlanta. A written statement to that effect was given to Mr. Johnson by Lee LaVictoire, Deputy Clerk in the Tampa

office of the Clerk of the U.S. District Court for the Middle District of Florida, who served as court clerk at the original trial before Judge Miles.

B. Without a Complete Record, The Panel Improperly Reversed the Trial Court's Findings of Fact

The record on appeal was incomplete, as Rule 10(a), Federal Rules of Appellate Procedure, provides as follows:

> Composition of the record on appeal. The original papers and exhibits filed in the district court, the transcript of proceedings, if any, and a certified copy of the docket entries prepared by the clerk of the district court shall constitute the record on appeal in all cases.

(Emphasis Added).

Documentary evidence such as trial exhibits are an important part of the record which must be reviewed before

rendering appellate judgment as to a district court's finding. See Anderson v. City of Bessemer City, N.C., 470 U.S. 564, 574-75 (1985); Wu v. Thomas, 847 F.2d 1480, 1484 (11th Cir. 1988) (district court findings supported by both documentary and testimonial evidence cannot be reversed); In Re Beverly Mfg. Corp., 841 F.2d 365, 370 (11th Cir. 1988) (reviewing exhibits in evaluating the record in its entirety). An appellate court is obliged "under Rule 52(a) to engage in a comprehensive review of the documentary evidence to determine if clear error has been committed." Lawson Products, Inc. v. Avnet Inc., 782 F.2d 1429, 1439 (7th Cir. 1986) (Emphasis Added).

Having been presented with an incomplete record, the Panel had three options

available to it, but it was not in a position to reverse the District Court. Oil & Gas Income, Inc. v. Woods Exploration & Producing Co., 362 F.2d 309, 310 (5th Cir. 1966) ("[O]n this incomplete record... we cannot determine whether [the] award of an attorney's fee was correct. It would be premature for us now to express agreement or disagreement . . .").

The Panel could have affirmed the case rather than rule on an incomplete record. McDonough Marine Service, Inc. v. M/V Royal Street, 608 F.2d 203, 204 (5th Cir. 1979) (in the absence of the trial transcript, court must affirm district court's findings); Rachbach v. Cogswell, 547 F.2d 502, 504 (10th Cir. 1976) ("Without the trial transcript we cannot review the trial court's

fact findings and must accept their verity.").

The Panel could have dismissed the action. Moore v. United States, 412 F.2d 229 (5th Cir. 1969) (failure to prosecute the appeal by filing a proper record or appendix); Kelly v. Greer, 354 F.2d 209, 211 (5th Cir. 1965) (documents not produced as an appendix). Rule 42-1(b), Eleventh Circuit Court of Appeals, specifically provides that where an appellant fails to file the record, dismissal or sanctions are appropriate.

The Panel could have ordered that the record on appeal be supplemented. Salinger v. Random House, Inc., 818 F.2d 252, 253 (2nd Cir. 1987), cert. denied, 484 U.S. 890 (1987); Sanford Bros. Boats, Inc. v. Didrine, 412 F.2d 958 (5th Cir. 1969)

(refusal to hear issue on appeal due to incomplete record), citing Rule 10(e), Federal Rules of Appellate Procedure, which provides:

> Correction Or Modification Of The Record. If any difference arises as to whether the record truly discloses what occurred in the district court, the difference shall be submitted to and settled by that court and the record made to conform to the truth. If anything material to either party is omitted from the record by error or accident or is misstated therein, the parties by stipulation, or the district court either before or after the record is transmitted to the court of appeals, or the court of appeals, on proper suggestion or of its own initiative, may direct that the omission or misstatement be corrected, and if necessary that a supplemental record be certified and transmitted. All other questions as to the form and content of the record shall be presented to the court of appeals.

C. The Findings of the District Court Should Not Have Been Set Aside As Clearly Erroneous

As the Panel recognized, the Eleventh Circuit considers the determination of

likelihood of confusion to be a question of fact that may be overturned only if clearly erroneous. Appendix, A6. F.R.Civ.P. 52(a); E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc., 756 F.2d 1525, 1529 (11th Cir. 1985).

In addition, an appellate court cannot rule that the district court's findings were "clearly erroneous" under F.R.Civ.P. 52(a) unless it has reviewed the entire record. "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." United States v. United States Gypsum Co., 333 U.S. 364, 395 (1948) (emphasis added); In Re Beverly Mfg. Corp., 841 F.2d 365, 369 (11th Cir. 1988).

> An appellate court cannot substitute its interpretation of the evidence for that of the trial court simply because the reviewing court "might give the facts another construction, resolve the ambiguities differently, and find a more sinister cast to actions which the District Court apparently deemed innocent."

Inwood Labs, Inc. v. Ives Labs, Inc., 456 U.S. 844, 857-58 (1982) (citation omitted) ("Ives Labs").

The clearly erroneous standard presents a "formidable challenge" to reversing the District Court's fact findings relating to the factors in the likelihood of confusion analysis. Ambrit, Inc. v. Kraft, Inc., 805 F.2d 974, 988 (11th Cir. 1986), cert. denied, 481 U.S. 1041 (1987). It is not sufficient that if the Panel had been the fact finder it would have found a likelihood of confusion on these facts. Id.

> This [clearly erroneous] standard plainly does not entitle a reviewing court to reverse the finding of the trier of fact simply because it is convinced that it would have decided the case differently. The reviewing court oversteps the bounds of its duty under Rule 52(a) if it undertakes to duplicate the role of the lower court. "In applying the clearly erroneous standard to the findings of a District Court sitting without a jury, appellate courts must constantly have in mind that their function is not to decide factual issues de novo." Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100, 123 [89 S.Ct. 1562, 1576, 23 L.Ed.2d 129] 1969. If the District Court's account of the evidence is plausible in light of the record viewed in its entirety, the Court of Appeals may not reverse it even though convinced that had it been sitting as the trier of fact, it would have weighed the evidence differently.

Anderson v. City of Bessemer City, North Carolina, 470 U.S. 564, 573-74 (1985).

The Panel expressly recognized that the District Court applied the proper legal standard for evaluating likelihood of

confusion and agreed with the trial court's determination of the facts. Appendix A7, A10. However, it disagreed with the "effect of those facts" and it reversed the District Court's findings on the issues of similarity of the parties' retail outlets and trade channels and geographic separation of the parties' markets. Appendix, A10.

The District Court found that the parties' customers were similar, but that their retail strategies were dissimilar, thus decreasing the likelihood of confusion. Appendix, A63 - A65. This conclusion was based on the evidence at trial that Dieters' sales were mainly through retail outlets and dealers, whereas B & H's sales were made at customer's homes. Id. The Panel interpreted those

facts differently, however, and reversed:

> This Court agrees with the trial court's determination of the facts, but disagrees as to the effect of those facts on this part of the analysis. These shutter purchasers are homeowners in a relatively small geographic area, and this court is not convinced that the difference between the retail strategies of Dieter and B & H is so great as to preclude confusion . . . . The Court finds that the similarity of the parties' customers and retail outlets is so strong as to be likely to cause confusion, and accordingly, the District Court's finding on factor four is clearly erroneous.

Appendix, A10 - A11.

The District Court also found that the parties' trade channels were geographically separate with no overlap in the parties' respective advertising media. On that basis, the District Court concluded that the dissimilarities in the parties' respective trade channels militated against

confusion. The Panel disagreed with the District Court's interpretation of the evidence, and reversed.

> We disagree with that conclusion. [The parties] are both located in the southwest quadrant of the state of Florida, and it is likely that Dieter's customers would be exposed to B & H's advertising, given the relatively small geographic area in which the parties are found and the likely overlap of advertising markets. . . . The court finds that the geographic separation of the two businesses is not substantial. Accordingly, the district court's conclusion that the geographical separation of the two parties obviated the likelihood of confusion is clearly erroneous.

Appendix, A11 - A12.

This Court's ruling in Ives Labs, supra, establishes that an appellate court does not have the authority to substitute its interpretation of the evidence for that of a trial court. Findings on the issues

of similarity of the parties' retail outlets and trade channels and geographic separation of markets are factual findings based on the testimonial and documentary evidence presented at trial. The trial exhibits evidenced and reinforced the District Court's conclusions as to the marketing strategies and separate geographic trading areas of the parties. The trial exhibits also included the defective incontestability affidavit discussed infra.

The Panel exceeded its authority in reversing the District Court's findings and its decision should be reversed.

II. The Panel Improperly Expanded Beyond This Court's Decision In Park 'N Fly By Creating a Presumption That Trademarks Which Have Achieved Incontestable Status Are Strong Marks

A. This Court's Ruling In Park 'N Fly Created A Presumption of Validity, Not Strength

Dieter claims ownership of an incontestable trademark registration, a fact considered by both the District Court and the Panel. If a registration has achieved incontestable status, the owner may rely on its registration as establishing certain statutory presumptions. Both tribunals recognized the statutory presumptions, but the District Court's interpretation of this Court's decision in Park 'N Fly differed dramatically from the Panel's interpretation. In Park 'N Fly, this Court held:

> We conclude that the holder of a registered mark may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is merely descriptive. *** Respondent argues that there is no likelihood of confusion and therefore no infringement justifying injunctive relief. The District Court rejected [this] argument, but [it] was not addressed by the Court of Appeals. That court may consider it on remand.

469 U.S. at 205 (citations omitted). Thus, this Court recognized that there are two separate issues in an infringement analysis -- validity and likelihood of confusion. This Court held that the issue of likelihood of confusion was not properly before it.

The Panel also recognized that a plaintiff seeking to enjoin another's use of a trademark must establish two separate elements: "first that its mark was valid

and, second, that defendant's use of the challenged mark created a likelihood of confusion.", citing Burger King Corp. v. Mason, 710 F.2d 1480, 1491 (11th Cir. 1983) cert. denied, 465 U.S. 1102 (1984). Appendix, A17.

The District Court referred to the first element as the "threshold question" and the second element as the "central question". Appendix, A48. The conclusive presumption afforded incontestable marks should only be applied when considering the "threshold question" of validity.

The District Court acknowledged the impact of incontestable status on the "threshold question" and found that the validity of the mark was not in dispute. However, when it analyzed the "central

question" the mark was held to be subject to limited protection:

> [Due to the incontestable status of the registration], the validity of the mark is not in dispute, and plaintiff may prevent the use of any mark that has been used in such a away as to create a likelihood of confusion with its use of the mark as registered. See Park 'N Fly, 469 U.S. at 205, 105 S.Ct. at 667; Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920, 924-25 (10th Cir. 1986); Source Services Corp. v. Chicagoland Jobsource, Inc., 643 F.Supp. 1523, 1527 (N.D. Ill. 1986).

Appendix, A51 - A52.

The Panel recognized that this Court did not address likelihood of confusion in Park 'N Fly and stated that the issue present in this case was one of first impression in the Eleventh Circuit. Appendix, A17. In reversing the District Court's finding that the mark SHUTTERWORLD was weak, however, the Panel erred when it

held that incontestable status bolsters the strength of a mark for purposes of a likelihood of confusion analysis.

The Panel refused to follow Source Services Corp. v. Chicagoland Job Source, Inc., 643 F. Supp. 1523, 1532 (N.D. Ill. 1986), the only post Park 'N Fly case expressly considered. The Panel's decision also conflicts with the weight of Circuit Court decisions addressing the issue, the legislative history and text of the Trademark Law Revision Act of 1988 codifying post Park 'N Fly decisions and views expressed in the leading trademark treatises. The majority rule is that the presumption afforded incontestable marks relates to the issue of validity and does not prevent consideration of a mark's descriptive nature when analyzing the

issue of likelihood of confusion. The Panel's decision to the contrary should be reversed.

B. The Panel's Decision is in Direct Conflict With the Interpretation of This Court's Ruling in Park 'N Fly By Various Other Courts of Appeals

With only one exception,[2] all of the Circuit Courts of Appeals which have addressed this issue have interpreted Park 'N Fly as holding merely that a mark's incontestable status precludes the defense that a mark is merely descriptive and therefore invalid. Incontestable status

---

2. The sole exception is Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1187 (6th Cir. 1988), where the court relied on Park 'N Fly in concluding that the incontestable status of the mark CLASSIC for car care products rendered the mark strong and worthy of broad protection.

does not prevent a court from considering descriptiveness when evaluating the mark's strength for purposes of determining likelihood of confusion.

In Oreck Corp. v. U.S. Floor Systems, Inc., 803 F.2d 166 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987), the mark XL for floor care equipment was found to be a weak mark despite its incontestable status.

> Park 'N Fly merely held ... that an infringement action brought by the holder of an incontestable mark may not be defended on the ground that the mark is merely descriptive and therefore invalid. [Defendant's] argument was not that [plaintiff's] mark was invalid, but that it was not infringed because there was no confusion. Park 'N Fly says nothing to preclude this argument. Incontestable status does not make a weak mark strong.

Oreck, at 171 (citation omitted).

Similarly, the court in M-F-G Corp. v. Emra Corp., 626 F. Supp. 699 (N.D. Ill.

1985), aff'd, 817 F.2d 410 (7th Cir. 1987) rejected the argument that the incontestable status renders a mark distinctive as a matter of law.

> [O]nly that the validity of an incontestable trademark cannot be challenged as merely descriptive. But the validity of [plaintiff's] mark is not at issue -- only the scope of its protection. "Incontestability does not broaden a trademark in the sense that it allows a registrant to claim rights over a greater range of products than he would otherwise be entitled to claim."

M-F-G, 626 F. Supp. at 703 (citations omitted, emphasis added). The Seventh Circuit affirmed the finding that plaintiff's mark was weak due to its descriptive nature, despite its incontestable status. M-F-G, 817 F.2d at 411.

On remand from this Court, the Ninth Circuit in Park 'N Fly, considered the

mark's strength in determining likelihood of confusion, rather than presuming that the mark was strong due to its incontestable status. Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 782 F.2d 1508, 1509 (9th Cir. 1986).

The Ninth Circuit has remained consistent in this interpretation of Park 'N Fly. In Miss World (UK), Ltd. v. Mrs. America Pageants, Inc., 856 F.2d 1445 (9th Cir. 1988), the court rejected the argument that a mark is presumptively strong simply because it is incontestable:

> The conclusion does not follow. The district court decided that although the mark was incontestable it was weak. . . . [A]n incontestable status does not alone establish a strong mark.

Id. at 1449. An incontestable mark's strength must be ascertained by examining

the mark's distinctiveness and its degree of recognition in the marketplace. Id. See also, Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920 (10th Cir. 1986) (a case relied on by the District Court).

C. The Federal Trademark Law Has Been Amended To Codify The Decisions Of The Other Circuits

The above outlined precedent was codified when Congress enacted the Trademark Law Revision Act of 1988, Pub. L. 100-667 ("TLRA"). Effective on November 16, 1989, section 33(b) of the Federal Trademark Law has been amended as follows:

> To the extent that the right to use a registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and the registration of the mark, of the

> registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. . . . Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1119 of this title. . .

15 U.S.C. § 1115(b) (language added by amendment underlined).

The Report and Recommendations of The Trademark Review Commission[3] adopted by the United States Trademark Association on September 13, 1987, explains the purpose of this amendment:

> Some courts have noted in passing that incontestable status does not relieve the registrant of proving infringement, or likelihood of confusion. The Commission believes that any doubt on this fundamental point should be eliminated. Trademark

3. This report is the result of two years of comprehensive review, analysis and debate relating to the policies behind and the current status of U.S. trademark law, statutory and decisional.

> infringement cannot be proved without likelihood of confusion, there being no trademark rights in gross or in the abstract. There is no evidence that the draftsmen of the [Trademark] Act intended otherwise.

77 The Trademark Reporter 415 (1987). The Senate Judiciary Committee Report on S 1883, Senate Report No. 100-515, September 15, 1988, page 33, further explains:

> "Section 30(1) of the bill revises the first paragraph of Section 33(b) of the [Lanham] Act (15 U.S.C. 1115(b)) to remove several ambiguities relating to incontestable registration. . . . [It] makes clear that incontestability does not relieve the owner of an incontestable registration from the burden of proving likelihood of confusion."

This is consistent with the interpretation of Park 'N Fly outlined in the leading trademark law treatises as well:

> In analyzing [likelihood of confusion], a court may, despite Park 'N Fly, examine the weakness of the

> mark and determine that the scope of protectability is limited.

1 J. Gilson, Trademark Protection and Practice, § 4.03[3][a][i], n.52 (1989).

> Incontestable status relates to the validity of the registered mark, implying that the "exclusive right to use" language of § 33(b) [of the Trademark Act] is subject to § 32(1)'s requirement of proof of a likelihood of confusion for infringement of a valid mark. On remand, the separate issue of infringement was addressed and likely confusion was found.

2 J. McCarthy, Trademarks and Unfair Competition § 32:44(B), at Supp. 169 (2d ed. Supp. 1988) (citations to Park 'N Fly omitted).

In sum, the Panel's holding that incontestable status affects the likelihood of confusion determination by creating a presumption that the incontestable mark is strong and thus entitled to broad protection conflicts squarely with Circuit

Court decisions interpreting Park 'N Fly, Congress's interpretation of Park 'N Fly as codified in the TLRA and illuminated in TLRA's legislative history, and the views expensed by the leading trademark scholars.

D. The Registration At Issue in This Case Should Not Have Been Afforded Incontestable Status

In reversing the District Court, the Panel specifically relied on the following facts:

> In 1976, Dieter applied for federal trademark registration of a trademark incorporating the name "Shutterworld." The mark consists of the name in script form, superimposed on a large letter "O." The registration states that Dieter first used the mark in 1970, and that it first used the mark in commerce in 1974. In 1983 Dieter supplemented its federal registration with a "combined sections 8 & 15 declaration" filed on Dieter's behalf by Janet E. Hudson as secretary-treasurer. The declaration stated that "Shutterworld, Inc., a Florida corporation" was owner of federal registration number 1,062,778.

Appendix, A3. However, the Panel did not have the referenced declaration (a trial exhibit) and could not therefore consider whether it was in compliance with the statute. The trial exhibit was defective on its face. Dieter is not entitled to rely upon any statutory presumptions afforded incontestable trademark registrations because the registration should have been cancelled.

Section 8 of the Lanham Act, 15 U.S.C. § 1058(a), provides that the registration of any mark shall be cancelled by the Commissioner of Patents and Trademarks at the end of six years following its date, unless within the sixth year after the date of registration the registrant files an affidavit or declaration showing that the mark is in use in commerce ("Declaration"). The Declaration must be executed and filed

by the owner of the registration. Failure to meet this requirement renders the Declaration void, and no substantive amendment may be made following the sixth anniversary of a registration.

Richard A. Dieter, individually, is the owner of the registration pleaded. Only Richard A. Dieter could execute and file a valid Declaration. The Declaration quoted by the Panel in its decision[4] was signed by Janet E. Hudson in her capacity as secretary-treasurer of Shutter-world, Inc., a corporation which the trial transcript revealed never existed. The Declaration was therefore void. In Re Precious Diamonds, Inc., 635 F.2d 845 (C.C.P.A. 1980) (registration cancelled due

4. The quotes were taken from the District Court's opinion. See A2, n.1. Compare Appendix, A3 and A26.

to a defective declaration signed by an individual when the registrant was a corporation); In re Weider, 212 U.S.P.Q. 947 (Comm'r. of Patents 1981) (declaration refused acceptance where declaration was signed by a corporation, rather than the individual registrant).

The Courts have the authority to correct the U.S. Patent and Trademark Office's (hereinafter "PTO") erroneous ministerial acceptance of the Declaration directing the Commissioner to cancel the registration:

> In any action involving a registered mark the court may ... order the cancellation of registrations, in whole or in part ... and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

15 U.S.C. § 1119. See American Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F.2d 3, 13-14 (5th Cir. 1974) (registration ordered cancelled on grounds that mark was merely descriptive).

The registration at issue in this case is not entitled to any statutory presumptions as a matter of law, and the Panel should have corrected the Register accordingly or remanded the case to the District Court directing it to do so.

CONCLUSION

For the foregoing reasons, Petitioner requests the Court to grant the writ and, under this Court's Rule 23.1:

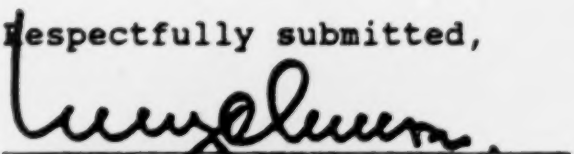
(1) reverse the decision of the Circuit Court and affirm the decision of the District Court as being not clearly

erroneous or vacate the decision of the Court of Appeals and remand this case for proceedings consistent with this Court's opinion; and

(2) declare as a matter of law that in considering the ultimate issue of likelihood of confusion in a trademark infringement case, a trademark is not made stronger merely by the fact that a registration has achieved incontestable status under 15 U.S.C. § 1115.

In the alternative, Petitioner requests the Court to grant the writ and order the case to stand for briefing and oral argument pursuant to this Court's Rule 23.2.

Respectfully submitted,



Merrill M. Johnson
800 Harbour Drive
Naples, Florida 33940
(813) 262-8502
Attorney for Petitioner

(2)

No. 89-1193

Supreme Court, U.S.
FILED
DEC 16 1989
JOSEPH F. SPANIOL, JR.

In The

Supreme Court of the United States

October Term, 1989

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.

Petitioner,

V.

RICHARD A. DIETER et al.,

Respondents.

APPENDIX TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

Merrill N. Johnson
800 Harbour Drive
Naples, Florida 33940
(813) 262-8502

Attorney for Petitioner

38(

Richard A. DIETER, d/b/a Shutterworld, and Richard A. Dieter General Contractor, Inc., Plaintiff–Appellant, Cross–Appellee,

v.

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC., Defendant–Appellee, Cross–Appellant.

No. 88–3363.

United States Court of Appeals, Eleventh Circuit.

Aug. 10, 1989.

Appeals from the United States District Court for the Middle District of Florida.

Before RONEY, Chief Judge, HILL, Circuit Judge and HOWARD *, District Judge.

* Honorable Alex T. Howard, Jr. U.S. District Judge, Southern District of Alabama, sitting by designation.

PER CURIAM:

I. BACKGROUND.

This is a trademark infringement action arising out of two southwest Florida shutter vendors' use of the same name and trademark. Appellant Dieter is the president and sole shareholder of appellant Richard A. Dieter General Contractor, Inc., a Florida corporation (collectively referred to as "Dieter"), headquartered in the Tampa Bay area. Dieter sells several types of shutters, some of which it manufactures. Its products include pre-hung wooden shutter assemblies, which are mostly decorative items intended for indoor use. The wooden shutters which Dieter manufactures are labelled with its registered trademark, which is burned into the wood. Those shutters sold but not manufactured by Dieter are labelled with small silver stickers marked with the name "Shutter-World" in plain block letters, hyphenated.

1. This statement of the facts is taken largely from the trial court's opinion, which is reported as *Dieter v. B & H Industries*, 683 F.Supp. 1345 (M.D.Fla.1988).

In 1976, Dieter applied for federal trademark registration of a trademark incorporating the name "Shutterworld." The mark consists of the name in script form, superimposed on a large letter "O." The registration states that Dieter first used the mark in 1970, and that it first used the mark in commerce in 1974. In 1983 Dieter supplemented its federal registration with a "combined sections 8 & 15 declaration," filed on Dieter's behalf by Janet E. Hudson as secretary-treasurer. The declaration stated that "Shutterworld, Inc., a Florida corporation" was owner of federal registration number 1,062,778. It stated that the registered mark had been in continuous use in interstate commerce since April 5, 1977 for "pre-hung wooden shutter assemblies," and that the mark was still so used. Dieter has made extensive use of its mark in forms other than the registered design. Dieter has not obtained Florida registration of its mark.

Appellee B & H Industries of Southwest Florida, Inc., ("B & H") is headquartered in

Fort Meyers, Florida, approximately 120 miles south of Tampa and Largo. B & H sells exterior "insulated roll-down security shutters," which are designed for exterior use as protection against weather and intruders. B & H obtained Florida registration of a mark consisting of the name "Shutterworld" in "neon sign" typeface, with an oversized letter "O," and with the letters "SW" in three line script on a dark background. B & H was refused federal registration of a mark which used the word "Shutterworld" with a large "O" with the letters "SW" inside the "O," on the grounds that such a mark was likely to be confused with Dieter's registered mark. B & H amended its application with affidavit and pictorial evidence intended to show that there was a lack of confusion between its mark and Dieter's. The mark was then deemed "entitled to registration," and was published pursuant to statute. Dieter filed an opposition to registration of that mark.

Dieter filed suit against B & H in the Middle District of Florida, alleging trademark infringement. Its complaint included causes of action under the Lanham Act, 15

U.S.C. §§ 1114, 1125(a); under the Florida common law of unfair competition; and under FLA.STAT.ANN. § 495.151 for damage to business reputation. Dieter sought a permanent injunction against B & H's use of the word "Shutterworld," as well as an accounting for profits, treble damages, and attorney's fees. The case was tried to the district court without a jury. At the close of the trial, the court found that Dieter's mark was valid and enforceable, but that there had been no trademark infringement, because the district court concluded that there was no likelihood of confusion. We disagree and reverse.

II. LIKELIHOOD OF CONFUSION.

Count One of Dieter's complaint alleged that B & H's mark was a "colorable imitation" of its mark, and that B & H's use of the mark was likely to cause confusion, to cause mistake, or to deceive. In this appeal, Dieter challenges the trial court's finding of no likelihood of confusion. Ap-

plying the clearly erroneous standard,[2] a trial court's decision may be reversed when the reviewing court is left with the "definite and firm conviction that a mistake has been committed." *Armstrong Cork*, 597 F.2d at 501 (quoting *United States v. United States Gypsum Co.*, 333 U.S. 364, 395, 68 S.Ct. 525, 542, 92 L.Ed. 746 (1948)). Review of the transcript, the exhibits introduced at the trial of the case, the trial court's opinion, and the arguments by counsel on appeal leaves this Court with the definite conviction that the trial court committed a mistake by finding no likelihood of confusion.

[1–3] In a trademark infringement action, the plaintiff must show, first, that its mark is valid and, second, that the defendant's use of the contested mark is likely to cause confusion. 15 U.S.C. § 1114(1)(a);

2. Determination of "likelihood of confusion" is a factual issue which is reviewed under the "clearly erroneous" standard of Federal Rule of Civil Procedure 52(a). *Armstrong Cork Co. v. World Carpets*, 597 F.2d 496, 501 (5th Cir.1979), *cert. denied*, 444 U.S. 932, 104 S.Ct. 277, 62 L.Ed.2d 190 (1979).

Burger King Corp. v. Mason, 710 F.2d 1480, 1491 (11th Cir.1983), *cert. denied*, 465 U.S. 1102, 104 S.Ct. 1599, 80 L.Ed.2d 130 (1984). Because Dieter's mark is "incontestable" its validity is conclusively presumed, *see infra, Part* III, and accordingly the only factual issue for the trial court's determination was whether B & H's use of the "Shutterworld" mark was likely to cause confusion. Determination of likelihood of confusion requires analysis of the following seven factors: (1) type of mark, (2) similarity of mark, (3) similarity of the products the marks represent, (4) similarity of the parties' retail outlets and customers, (5) similarity of advertising media used, (6) defendant's intent and (7) actual confusion.[3] *Freedom Sav. and Loan Ass'n v. Way*, 757 F.2d 1176, 1182 (11th Cir.1985), *cert. denied*, 474 U.S. 845, 106 S.Ct. 134, 88 L.Ed.2d 110 (1985); *University of Georgia*

3. There are no hard and fast rules as to how much evidence of confusion is enough. Rather, when looking at the evidence the reviewing court must take into consideration the circumstances surrounding each particular case. *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 844 (11th Cir.1983).

Athletic Ass'n v. Laite, 756 F.2d 1535 (11th Cir.1985); *Wesco Mfg. v. Tropical Attractions of Palm Beach*, 833 F.2d 1484, 1488 (11th Cir.1984); *Sun Banks of Fla. v. Sun Fed. Sav. & Loan*, 651 F.2d 311 (5th Cir. 1981)[4]. Of these factors, the type of mark and the evidence of actual confusion are the most important in this circuit. *Freedom Sav.*, 757 F.2d at 1186. The trial court used this seven factor analysis and concluded that B & H's use of the mark was not likely to cause confusion.[5] Dieter challenges four specific points in the trial court's opinion: (1) its finding that Dieter's mark had not acquired secondary meaning, (2) its finding that the retail strategies of Dieter and B & H were not similar, (3) its finding that the businesses of Dieter and B & H were geographically separate, and (4)

4. The Eleventh Circuit, in the en banc decision *Bonner v. City of Prichard*, 661 F.2d 1206, 1209 (11th Cir.1981), adopted as precedent decisions of the former Fifth Circuit rendered prior to October 1, 1981.

5. *See Dieter v. B & H Industries*, 683 F.Supp 1345 (M.D.Fla.1988).

its finding that B & H's continued use of the "Shutterworld" mark was in good faith.

The trial court's finding that Dieter's mark lacked secondary meaning relates to factor one, the type of mark. Evaluating Dieter's mark, the trial court found the mark to be merely descriptive, and found that Dieter had not established that its mark had acquired secondary meaning. Review of the transcript and the exhibits shows that although there was some evidence that certain homeowners equated the "Shutterworld" mark with Dieter's products, such evidence was second-hand, and came from a witness whom the trial court found to lack credibility. Accordingly, the trial court did not err in finding that Dieter had not established secondary meaning for the "Shutterworld" mark. However, our holding in Part III of this opinion renders the trial court's findings on the existence or non-existence of secondary meaning moot.

[4] Dieter also challenges the trial court's analysis under factor four, the similarity of the parties' retail outlets and customers. Although the trial court found that the parties' customers were similar, it found that their retail strategies were dissimilar and concluded that this difference militated against confusion. This finding was premised on the evidence at trial, which tended to show that while Dieter made most of its sales from retail outlets and through dealers, B & H made its sales at customers' houses. This Court agrees with the trial court's determination of the facts, but disagrees as to the effect of those facts on this part of the analysis. These shutter purchasers are homeowners in a relatively small geographic area, and this Court is not convinced that the difference between the retail strategies of Dieter and B & H is so great as to preclude confusion. Customers and potential customers might well think that Dieter and B & H are one and the same entity, named "Shutterworld," which sold its shutters, both exterior and interior, through several media. The Court finds that the similarity

of the parties' customers and retail outlets is so strong as to be likely to cause confusion, and accordingly, the district court's finding on factor four is clearly erroneous.

[5] In its analysis of factor five, the similarity of advertising media used by the parties, the trial court found that the businesses of Dieter and B & H were geographically separate and that there was no medium in which the plaintiff and the defendant had advertised simultaneously. Consideration of these two facts led the district court to conclude that the geographic separation between the two parties decreased the likelihood of confusion between Dieter and B & H. We disagree with that conclusion. Dieter and B & H are both located in the southwest quadrant of the state of Florida, and it is likely that Dieter's customers would be exposed to B & H's advertising, given the relatively small geographic area in which the parties are found, and the likely overlap of advertising markets. If federal trademark registration is to have any value, the Court

cannot allow trademark protection to be circumscribed to the extent urged by B & H. The court finds that the geographic separation of the two businesses is not substantial. Accordingly, the district court's conclusion that the geographical separation of the two parties obviated the likelihood of confusion is clearly erroneous.

In its analysis of factor six, the defendant's intent in using the mark, the trial court found that although B & H continued to use the "Shutterworld" mark after it became aware of Dieter's claims, it did so in good faith. After careful review of the transcript, and the exhibits admitted at the trial of the action, the Court concludes that the trial court did not err on this point.

After considering all of the facts, the Court finds that there is a substantial likelihood of confusion. Accordingly, the trial court's determination to the contrary was clearly erroneous.

III. INCONTESTABILITY.

Dieter contends on appeal that the trial court imposed a requirement that it prove secondary meaning in a geographic area as a prerequisite to enforcing an incontestable registration against a junior user in the same geographic area, a rule that Dieter points out is not required by controlling law or case authority. Although this Court agrees with Dieter that such a requirement would be contrary to the law of this circuit, we do not find that the trial court imposed such a requirement.

[6–11] Terms which may be registered as trademarks fall into four categories of strength: (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary. *American Television v. American Communications*, 810 F.2d 1546, 1548 (11th Cir.1987); *University of Georgia Athletic Ass'n v. Laite*, 756 F.2d 1535, 1540 (11th Cir.1985). "Generic" terms are those which name "the genus or class of which an individual article or service is but a member." *Vision*

Ctr. v. Optiks, 596 F.2d 111, 115 (5th Cir. 1979), *cert. denied*, 444 U.S. 1016, 100 S.Ct. 668, 62 L.Ed.2d 646 (1980). "Descriptive" terms "identify a characteristic or quality of an article or service." *Id.* "Suggestive" terms suggest characteristics of the goods and services and "require an effort of the imagination by the consumer in order to be understood as descriptive." *Id.* at 115, 116 (citing *General Shoe Corp. v. Rosen*, 111 F.2d 95, 98 (4th Cir.1940). "Fanciful" or "arbitrary" terms are words or phrases that bear no direct relationship to the product. *Vision Ctr.*, 596 F.2d at 116. Generic terms represent the weaker end of the spectrum, and arbitrary terms represent the stronger.

[12–17] Generic terms may never be registered as trademarks under the Lanham Act. 15 U.S.C. § 1052(e). Descriptive terms may not be registered as trademarks under the Lanham Act, unless the holder shows that the mark has acquired "secondary meaning." 15 U.S.C. § 1052(e)(1), (f); *Citibank, N.A., v. Citibanc Group, Inc.*, 724 F.2d 1540, 1549 (11th Cir.1984); *Aber-*

crombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 10 (2d Cir.1976). Proof of secondary meaning in a trademark requires a showing that the mark has become distinctive of the trademark holder's product. Five years after registering a mark, the holder may file the affidavit required by § 1065 and have its mark declared "incontestable." 15 U.S.C. § 1065(3). Once a mark has become "incontestable," its validity is presumed, subject to certain enumerated defenses which are not applicable in this action. 15 U.S.C. § 1065. Once a mark has achieved "incontestable" status, its validity cannot be challenged on the grounds that it is merely descriptive, even if the challenger can show that the mark was improperly registered initially: [6]

6. The Court notes that this creates a potential problem in the Lanham Act scheme if a mark is improperly allowed initial registration. However, this problem is not one that is susceptible to judicial solution. *Park'N'Fly* noted that the courts' equitable power to "rectify the register," 15 U.S.C. § 1119, must be subject to the legislative provisions concerning "incontestability," whether or not the Lanham Act provides sufficient protection against improper registration of a merely descriptive mark.

Park'N'Fly, Inc. v. Dollar Park and Fly, 469 U.S. 189, 105 S.Ct. 658, 666, 83 L.Ed.2d 582 (1985).

> Thus, § 33(a) [would allow challenge to a] mark as merely descriptive if the mark had not become incontestable. With respect to incontestable marks, however, § 33(b) provides that registration is *conclusive* evidence of the registrant's exclusive right to use the mark, subject to the conditions of § 15 and the seven defenses enumerated in § 33(b) itself. Mere descriptiveness is not recognized by either § 15 or 33(b) as a basis for challenging an incontestable mark.

Park'N'Fly, Inc. v. Dollar Park and Fly, 469 U.S. 189, 105 S.Ct. 658, 663, 83 L.Ed.2d 582 (1985); *See also Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1185 (5th Cir.1980), *cert. denied* 450 U.S. 981, 101 S.Ct. 1516, 67 L.Ed.2d 816 (1981), (citing *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7 Cir.), *cert. denied*, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed.2d 94 (1976)). Dieter's mark is incontestable, and therefore valid.

As stated above, a plaintiff seeking to enjoin another's use of a trademark must show, first, that its mark was valid and, second, that defendant's use of the challenged mark created a likelihood of confusion. *Burger King*, 710 F.2d at 1491. The trial court noted that Dieter's mark was incontestable and that Dieter had established the first requirement. The second part of the test, "likelihood of confusion," is determined by reference to the seven factor analysis discussed above. Analysis of the first of the seven factors requires the court to determine the type of mark for which the plaintiff seeks protection. In *Park'N'Fly*, the issue presented to the Supreme Court involved only the validity of the mark. Whether "incontestable" status affects the *strength* of the mark for purposes of "likelihood of confusion" determinations was left open to question by *Park'N'Fly*. This is an issue of first impression in this circuit.

[18] In the instant action, the lower court evaluated the strength of Dieter's

mark without reference to its "incontestable" status, and determined that Dieter's mark was merely descriptive. In doing so, the trial court relied on a district court case from Illinois which held that validity and "likelihood of confusion" are distinct and separate inquiries, and that the "incontestable" status of a plaintiff's mark has no bearing on the "likelihood of confusion" issue. *Source Services Corp. v. Chicagoland Jobsource, Inc.*, 643 F.Supp. 1523, 1532 (N.D.Ill.1986) (relying on *Union Carbide*). Application of this rule by the trial court in Dieter's case did not impose a requirement that Dieter prove secondary meaning in order to enforce its mark. Rather, the trial court, in the absence of controlling precedent, followed the decision of the Illinois district court and concluded that the "incontestable" status of Dieter's mark had no relevance to the likelihood of confusion analysis. After careful consideration of the district court's position, as well as the case law in this circuit, we decline to follow the Illinois district court. We hold that incontestable status is a factor to be taken into consideration in likelihood of

confusion analysis. Because Dieter's mark is incontestable, then it is presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark. Accordingly, the district court's conclusion that Dieter's mark was merely descriptive, and not entitled to strong protection is REVERSED, and the action is REMANDED to the district court for further proceedings consistent with this opinion.

IV. STATE LAW CLAIMS.

Dieter's complaint also stated claims for unfair competition under 15 U.S.C. § 1125(a), unfair competition under Florida common law, and dilution under FLA. STATS. 495.151. Because the district court's ruling on these points was based on its conclusion that there was no likelihood of confusion, we also REVERSE and REMAND on these three issues for proceedings consistent with this opinion.

V. ATTORNEY'S FEES.

[19] At the close of the trial B & H

requested an award of attorney's fees pursuant to 15 U.S.C. § 1117, which allows an award of attorney's fees to the prevailing party in "exceptional cases," in the discretion of the trial judge. The legislative history indicates that a court should only award attorney fees in cases "characterized as malicious, fraudulent, deliberate and willful." *St. Charles Mfg. Co. v. Mercer*, 737 F.2d 891, 894 (11th Cir.1983) (quoting S.REP. No. 93–1400, 93rd CONG., 2nd SESS., *reprinted in* 1974 U.S.CODE CONG. & AD.NEWS 7132, 7136.) *See also, Safeway Stores, Inc. v. Safeway Discount Drugs*, 675 F.2d 1160, 1169 (11th Cir.1982) (citations omitted). Even if the trial court finds that the circumstances of the case are, in fact, exceptional, the decision whether to award attorney's fees is still discretionary. *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 846 (11th Cir.1983). The trial court's refusal to grant attorney's fees in the instant action was not an abuse of discretion. Fur-

thermore, because our ruling today reverses the trial court's ruling, B & H is no longer a prevailing party, and is therefore not entitled to attorney's fees at this point in the proceedings.

Dieter has requested an award of attorney's fees and expenses incurred in responding to B & H's appeal of the trial court's denial of same. Such request is DENIED.

VI. CONCLUSION.

For the foregoing reasons, the judgment of the district court is REVERSED and this action is REMANDED for further proceedings consistent with this opinion.

Richard A. DIETER, d/b/a Shutterworld, and Richard A. Dieter General Contractor, Inc., Plaintiffs,

v.

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC., Defendant.

No. 87-32-Civ.-Ft.M-15C.

United States District Court,
M.D. Florida,
Fort Myers Division.

April 6, 1988.

David W. Pettis, Jr., Pettis & McDonald, Tampa, Fla., for plaintiffs.

Merrill N. Johnson, Naples, Fla., for defendant.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

MILES, Senior District Judge.*

The case now before the Court involves a trademark dispute. Plaintiffs Richard A. Dieter and Richard A. Dieter General Contractor, Inc. (collectively referred to as

* Wendell A. Miles, Senior District Judge, Western District of Michigan (sitting in the Middle District of Florida as Visiting Judge on Intercircuit Assignment).

plaintiff Dieter) allege that defendant has infringed upon Dieter's right to use the name "Shutterworld." Plaintiff has sued under two provisions of the federal Lanham Act, 15 U.S.C. §§ 1114, 1125(a); under the Florida common law of unfair competition; and for damage to business reputation under Fla.Stat.Ann. § 495.151. He seeks a permanent injunction against defendant's use of the word; he also seeks an accounting for profits, treble damages, and attorney's fees.

Trial in this case was held before the bench. The Court's findings of fact and conclusions of law under Fed.R.Civ.P. 52(a) follow.

Findings of fact

1. Plaintiff Dieter is the president and sole shareholder of plaintiff Richard A. Dieter General Contractor, Inc., a Florida corporation (Dieter, Inc.). Dieter, Inc. has its headquarters in the Tampa Bay area, and it does business under the name "Shutterworld." Shutterworld assembles, distributes and deals in various types of shut-

ters, including pre-hung wooden shutter assemblies. According to the testimony of plaintiff Dieter, Shutterworld sells its shutters through approximately 300 dealers, located along the west coast of Florida between New Port Richey and Naples. It also sells directly to customers from its two retail outlets, which are located in Tampa and in Largo, Florida.

2. In 1976 plaintiff applied for federal registration of a trademark incorporating the name "Shutterworld." The mark consists of the name in script form, superimposed on a large letter "O." *See* appendix 1. Plaintiff was granted registration number 1,062,778 on April 5, 1977 for use of the mark on "pre-hung wooden shutter assemblies." *See* plaintiff's exhibit 1. The registration states that plaintiff first used the mark in 1970, and that he first used the mark in commerce in 1974. *See id.*

In 1983, plaintiff supplemented his federal registration with a "combined sections 8 & 15 declaration," filed on behalf of plaintiff's business by Janet E. Hudson as secretary-treasurer. The declaration stated that "Shutterworld, Inc., a Florida corporation" was owner of federal registration number 1,062,778. It stated that the registered mark had been in continuous use in interstate commerce for "pre-hung wooden shutter assemblies" since April 5, 1977, and that the mark was still so used. *See* defendant's exhibit 20.

Dieter never sought nor obtained registration of his trademark pursuant to Florida law. However, he did file an affidavit for registration of a fictitious trade name, pursuant to Fla.Stat. § 865.09, in Pinellas County in September of 1971. *See* defendant's exhibit 8. The affidavit was executed by plaintiff Dieter, president of Dieter, Inc., and stated that Dieter, Inc. was doing business under the fictitious name "Shutter World." *Id.*

3. The plaintiff deals primarily in decorative wooden shutters that are intended

for indoor use. The various models include shutters with small louvers ("regular slatted" models), shutters with wide louvers, and "fabric frame" shutters without louvers. Plaintiff testified that he deals also in exterior shutters. He sells exterior models made out of wood, aluminum, or synthetic materials, called "Bahamas" or "colonials." These shutters are intended for protection from hurricanes as well as for decoration. The plaintiff testified that he carries all types of hurricane-proofing materials for sliding doors. He also stated that he recently began to carry "roll-up" security shutters.

The wooden interior shutters that plaintiff carries are manufactured at plaintiff's headquarters in Largo. Plaintiff also has a manufacturing location in Fayette, Missouri. The operation in Missouri consists primarily of the ripping and finishing of materials for the shutter frames; plaintiff testified that a few sales of wooden shutters are made from that location.

Plaintiff does not manufacture any of the exterior shutters that he sells. These

shutters are purchased from independent suppliers and resold under the name "Shutterworld."

4. Plaintiff sells his products to dealers, to builders, and directly to the public. He frequently provides delivery of the shutters, and offers an installation service. Many of the dealers to whom plaintiff sells are interior decorators, who include plaintiff's interior shutters in their job estimates. Plaintiff provides shutters either unfinished, or finished with paint or stain. Dieter testified at trial that 75% of the wooden shutters that he sells, either through dealers or from one of his retail outlets, have been painted or stained.[1]

1. One of plaintiff's dealers testified at the trial that 95% of the shutters he received from plaintiff had been painted.

Plaintiff's two retail outlets are located in the Tampa–St. Petersburg area, in Pinellas and Hillsborough counties. In 1976 and 1977, plaintiff had a retail outlet in the town of Osprey, a short distance south of Sarasota. He closed this outlet because of staffing problems and to avoid competition with his dealers in the area. Plaintiff identified two interior decorators in the Fort Myers–Naples area that frequently sell his products: David's Interiors of Fort Myers and Port Charlotte, and Interiors by Tilley of Naples.

5. Plaintiff testified that since the mid-seventies, he has labelled most of the wooden shutters that he sells with his registered trademark. The mark is burned into the wooden shutters, where it leaves an indelible impression in dark letters. *See* plaintiff's exhibit 2 (sample of wood branded with "Shutterworld" mark). Plaintiff stated that in "most cases" in which he uses the trademark, the name is followed by the circled letter "R" that denotes a registered trademark. *See, e.g.* appendix 1.

Plaintiff testified that shutters not manufactured by him are labelled with a small silver sticker marked with the name "SHUTTER-WORLD" in plain block letters, hyphenated. *See* plaintiff's exhibit 3.

There was some dispute at trial regarding the extent to which plaintiff continues to mark his products with the registered "Shutterworld" design. Dieter stated at trial that almost all of the wooden shutters manufactured by him are branded with the registered "Shutterworld" mark. He testified that the only shutters not so marked are ones used as samples or demonstration models. Defendant, however, presented testimony to refute this. Two witnesses, employees of B & H, testified that they had visited plaintiff's Tampa store on one occasion in April of 1987. Each stated that they had inspected all of the shutters contained in the store, and had found none with the "Shutterworld" brand or a "Shutterworld" label. Another witness stated that he had visited plaintiff's Largo store in November of 1987. He testified that of the shutters he saw there, "some" had been branded with the trademark, while

others had not. He also stated that none of the exterior shutters in the shop bore any mark or label indicating that they were from "Shutterworld." The pair of shutters purchased by that witness at the Largo store were present in court; the registered "Shutterworld" design was absent from them. *See* defendant's exhibits 1, 2.

Plaintiff called as a witness David Snyder, an interior designer from the Fort Myers area who deals in plaintiff's interior shutters. Snyder testified that the shutters he sold for plaintiff carried the registered "Shutterworld" mark. He also stated that even when a shutter had been painted the trademark was still visible. Defendant moved into evidence a small piece of wood, branded with the "Shutterworld" mark, which had been spray-painted by one of its witnesses. *See* defendant's exhibit 4. This exhibit was intended to support defendant's contention that paint makes the trademark invisible.

The Court has examined defendant's exhibit 4 and concludes that two coats of

paint detract from the visibility of plaintiff's trademark. *Compare* plaintiff's exhibit 2 (wood branded with trademark, unpainted) *with* defendant's exhibit 4 (wood branded with trademark, painted). However, painting does not obliterate the mark entirely.

6. Plaintiff has made extensive use of the name "Shutterworld" in forms other than the registered design. The name "Shutterworld" is used on large signs and awnings at both the Tampa and Largo retail outlets. At each of these locations, the name appears in plain block letters and as a single, unhyphenated word. *See* plaintiff's exhibits 4, 5 (photographs of plaintiff's storefronts in Tampa and Largo). The name appears on plaintiff's delivery truck, again in block letters, this time superimposed on a depiction of the globe. *See* plaintiff's exhibit 6. It is used on plaintiff's letterhead, in a script form similar to that in the registered version but without the large "O" that forms part of the registered design. *See* exhibit 3, defendant's brief in opposition to plaintiff's motion for summary judgment (affidavit of

Hollis Myers). The name has been used in plain block letters in advertisements appearing in various media. *See* plaintiff's exhibit 8 (ad in North County Home Owners Manual); exhibit 9 (ads from Tampa, St. Petersburg & Sarasota newspapers); exhibit 7 (ad from Sunday television listings, St. Petersburg Times); exhibit 10 (ad from Tampa yellow pages, telephone listings). At both the Tampa and Largo locations, the telephone is answered with the identification "Shutterworld."

7. Plaintiff since the mid-seventies has bought newspaper and telephone book advertising in the Tampa–St. Petersburg area. Since that time he has placed ads in the St. Petersburg Times and Tampa Tribune (Sunday television sections). Before the Osprey store was closed in 1977, plaintiff advertised in the Sarasota Herald Tribune. His advertisement appears in the yellow pages (telephone directory) for Clearwater, St. Petersburg, Sarasota, Palmetto, Lakeland, New Port Richey, Tampa, and other areas in the vicinity (Pinellas, Hillsborough and Pasco counties). Plaintiff's

telephone book advertisements appear under the listing for "shutters." In all of the newspaper and telephone book ads, plaintiff's product is identified with the single word "Shutterworld" in block letters.

8. Plaintiff's gross sales of shutters for fiscal years 1982 through 1986 were as follows:

1982	$183,959
1983	$212,455
1984	$274,124
1985	$265,690
1986	$350,000

See defendant's exhibit 7 (Dieter's answers to defendant's interrogatories).

In 1987, plaintiff spent between $14,000 and $15,000 on advertising.

9. Defendant B & H Industries has been engaged in the shutter business under the name "Shutterworld" since 1983 or 1984. Defendant's headquarters is located in Fort Myers, which is approximately 120 miles south of Tampa and Largo. Before using the name "Shutterworld," B & H did business in the Fort Myers area as "Gary's

Hurricane Shutter Center."

Defendant sells a product that was described at trial as an insulated roll-down security shutter. This shutter is designed primarily for exterior installation. It provides protection from hurricanes and intruders, but is not intended for decoration.

10. In early advertisements, defendant used the name "Shutterworld" in conjunction with the slogan "a name you can rely on." *See* plaintiff's exhibit 15. Defendants later substituted the term "the roll shutter leader." According to Schoonover, Hoovis created this slogan to eliminate the possibility that the name would be identified with products other than roll-down shutters. *See, e.g.*, plaintiff's exhibits 12, 13, 14 (ads using phrases "the roll shutter leader" and "call the roll shutter leader").

Defendant obtained Florida registration of the phrase "Shutterworld, a name you can rely on" and accompanying design on

February 7, 1984. *See* defendant's exhibit 11. The registration reflects that defendant first used the mark in September of 1983. The design as registered includes the name in "neon sign" typeface, with an oversized letter "O," and a stylized form of the letters "SW" in three-line script against a dark background. *See id.* At the time of state registration of the mark, defendant was told that the name "Shutterworld" had not previously been registered in Florida and was available for its use.

11. Defendant sought federal registration of the "Shutterworld" name and logo in 1986. The mark submitted to the U.S. Patent and Trademark Office at that time differed slightly from the state-registered mark. Defendant retained the name "Shutterworld" in neon sign lettering, but placed the separate "SW" motif inside the large "O" in the word itself. The phrase "the roll shutter leader" was substituted for "a name you can rely on." *See* appendix 2. The trademark application stated that defendant intended to use the mark on "roll-up security shutters." Defendant's exhibit 21.

12. Federal registration of defendant's mark originally was refused because of the likelihood of confusion with plaintiff's registered mark number 1,062,778. *See id.* Defendant amended its application for registration, submitting an affidavit and pictorial evidence to support its claim that there was a lack of confusion between its mark and plaintiff's. The mark thereafter was deemed apparently "entitled to registration," and was published pursuant to statute. *See id.* Plaintiff has filed an opposition to registration of defendant's mark.

13. Defendant uses the term "Shutterworld" to identify its business, *see* plaintiff's exhibit 12; it also affixes labels containing its "Shutterworld" mark to the roll-down shutters themselves. *See* plaintiff's exhibit 11; defendant's exhibit 13 (tag applied to shutters; contains words "Shutterworld/the roll shutter leader"). Defendant places the labels on the bottom slat of the shutters. *See* defendant's exhibit 10 (sample of roll-down shutter sold by defendant). The mark is used on defendant's business

cards. *See* plaintiff's exhibits 20, 21, 22 (mark reads: "Shutterworld/a name you can rely on"). Schoonover testified at the trial that defendant never intentionally uses the word "Shutterworld" unless it is accompanied by the slogan ("the roll shutter leader"), and in stylized form.[2]

14. Defendant does not maintain its own storefront for sales of its product. Rather, defendant's products are on display at several independent "home improvement centers" located in the nearby communities of Naples, Venice and Port Charlotte. Most of defendant's sales are made directly to homeowners. Sales representatives call at a customer's home, where they describe

2. Plaintiff's counsel pointed out during examination of Schoonover that on some of defendant's brochures, references were made in text to the name "Shutterworld" without use of the stylized script or slogan. *See, e.g.*, plaintiff's exhibit 12. Schoonover explained that constant repetition of the slogan in text would have made for "poor copy." The Court notes that on this exhibit, defendant used the word "Shutterworld" to refer to the business and to the product, interchangeably.

the features of defendant's product and explain the benefits of local custom installation.

15. Defendant advertises its product via several media in the Fort Myers area. It has purchased ads in the Fort Myers News-Press; the Naples Daily News; the Sarasota Herald Tribune; and the Observer, a local tabloid. Defendant has purchased television spots on three network affiliates out of Fort Myers and Naples. Before mid-1976, defendant also advertised on two local radio stations. Defendant has placed ads in the yellow pages for Naples, Fort Myers, and Punta Gorda-Port Charlotte. Defendant's president, Hoovis, stated at trial that the ads generally identify defendant as "Shutterworld-the roll shutter leader."

16. Both Schoonover and Hoovis testified at trial that defendant had no knowledge of plaintiff's business or his use of the name "Shutterworld" prior to defendant's first use of the name. There was no evidence presented at trial to refute this. According to Hoovis, defendant first

learned of Dieter's trademark in October of 1984, by letter from the U.S. Patent and Trademark office. This was subsequent to defendant's state registration of its "Shutterworld" mark. Hoovis testified that on the basis of this letter, he and Schoonover concluded that there was no likelihood of conflict between defendant's mark and plaintiff's. They decided this based upon the report that plaintiff's business was located in a separate geographic market (Largo), and involved "interstate" sales as opposed to the purely intrastate business of defendants.

After learning of plaintiff's use of the "Shutterworld" trademark in late 1984, defendant conducted a nationwide search for other users of the name. This search yielded nothing. However, a short time before trial in this case, defendant heard from one of its competitors in Fort Lauderdale that a business out of New York had been using the name. Defendant investigated this information and found that a "Shutter World" appeared in the white pages of the telephone book containing listings for Long Island. Defendant found that the number

belonged to a company in the roll shutter business that had been in existence for approximately two years.

17. Defendant's gross product sales for fiscal years 1983 through 1987 (ending 3/31/87) were as follows:

1983	$ 340,104
1984	$ 574,773
1985	$ 800,679
1986	$1,118,035
1987	$1,886,956

Hoovis estimated that as of January, 1988 defendant had spent a total of $650,-000 on advertising.

18. The products of both plaintiff and defendant are generally referred to as "shutters," and are listed in the telephone book under the "shutters" classification. *See, e.g.*, plaintiff's exhibit 10. However, plaintiff's wooden interior shutters are physically dissimilar to defendant's metal exterior shutters. *Compare* defendant's exhibits 1, 2 *with* defendant's exhibit 10. The Court is convinced, based upon the testimony and upon the physical evidence,

that buyers of each of the two types of shutters have different uses for the shutters in mind.

The metal exterior shutters, specifically the "Bahama" and "colonial" shutters that plaintiff carries, also differ in appearance from defendant's roll-down shutters. *See* defendant's exhibit 22. Schoonover stated on behalf of defendant that, in his opinion, the types of exterior shutters carried by plaintiff are primarily ornamental and do not provide much in the way of storm protection.

19. Plaintiff testified that he has recently added "roll-up" shutters to his product line. These shutters are similar to the "roll-down" shutters sold by defendant. The defense witness who had visited plaintiff's Largo showroom testified that he saw one roll-down shutter on display there. He also testified that he was told by an employee named Tom that the roll-down shutter was kept for "legal reasons" that the employee was not to discuss. Plaintiff denied that he ever told an employee that the roll-down shutter was on display for legal reasons, and stated that he was moving

into the roll-down shutter business for economic reasons.

Based upon the evidence of defendant's gross sales and recent growth, the Court finds it very likely that plaintiff regards the roll-down shutter business as attractive for economic reasons. However, the evidence showed that plaintiff carries few, if any of the shutters in its stores, and there was no evidence that it sells any through its dealers. This leads the Court to conclude that plaintiff's dealings with this product are as yet insubstantial.

20. According to testimony elicited from plaintiff, a pair of wooden interior shutters, unfinished, costs between $100.00 and $200.00, depending upon the size. Plaintiff testified that a painted or finished pair will cost approximately 40% more. An average sale of defendant's shutters runs from $3,000 to $5,000. Both plaintiff's and defendant's products represent substantial household investments that consumers are unlikely to purchase on impulse.

21. Plaintiff first learned of defendant's use of the name "Shutterworld" in early

1987, during a conversation with James DePaolo of Aeicor Aluminum in Fort Lauderdale. Plaintiff contacted DePaolo because he was interested in purchasing aluminum exterior shutters from Aeicor. James DePaolo, of Aeicor, asked plaintiff whether Dieter's business was affiliated with that of B & H in Fort Myers. DePaolo had learned of defendant's "Shutterworld" operation in late 1985 or early 1986, and had made a sales call on defendant in Fort Myers.

Dieter testified concerning other occasions on which his business was confused with that of defendant. He stated that a short time before trial, he was contacted by an individual, a Mr. Siviur, who wanted to sell plaintiff a display booth at a nearby home show. Siviur was under the impression that plaintiff's "Shutterworld" operation was an outlet of defendant's roll-down shutter business. He told Dieter that he had been informed that "Shutterworld" of Fort Myers was planning to move into Pinellas county during the current year. On another recent occasion, Dieter testified, a caller from New Port Richey had inquired

if plaintiff's business was associated with defendant's Fort Myers operation. This caller, Rodney Nichols, was soliciting tenants for a mall in Pinellas County.[3]

One of plaintiff's dealers, David Snyder, testified that back in " '78 or '79" he had received an inquiry from a client who was confused about whether her "Shutterworld" shutters were going to be roll-down shutters. That statement was challenged on cross-examination, on the basis that defendant had not used the name "Shutterworld" before 1983. Snyder conceded that he was unsure of the date of the occurrence. Because of the vagueness of Snyder's recollection, the Court does not credit the story.

3. Dieter stated that his business was not harmed by either of these inquiries. In fact, he stated that as of the time of trial in this case, he was considering taking advantage of the opportunity to display his products at the home show mentioned by Siviur.

Defendant's witnesses testified that they knew of no case in which a customer had mistaken defendant's business for plaintiff's.

22. After plaintiff learned of defendant's business, in August of 1986, he met with Schoonover and Hoovis in Largo. According to Hoovis, the two representatives of defendant proposed to Dieter that plaintiff carry defendant's roll-down shutter product in its Tampa area stores. Hoovis related that Dieter refused, replying that plaintiff and defendant were in two different businesses. He stated that Dieter then proposed that the plaintiff license defendant's use of the "Shutterworld" name, an offer which Hoovis and Schoonover refused.

23. Plaintiff stated in a declaration, submitted to the U.S. Patent and Trademark office in 1983, that he has made continuous use of his trademark in interstate commerce since 1977. *See* defendant's exhibit 20 (plaintiff's combined sections 8 and 15 declaration). Plaintiff presented evidence at trial to show that he has repeatedly sold goods out of the state

of Florida. Dieter testified that in 1981 and 1983 he made sales to customers in Missouri; in 1987 to a customer in New York; and in January of 1988 to a customer in Texas.[4] Witness Snyder, who deals in plaintiff's shutters, testified that he has sold plaintiff's product to out-of-state customers, most recently in Detroit Lakes, Minnesota. Snyder said that he was certain that the shutters shipped to Minnesota had been branded with plaintiff's registered trademark.

Conclusions of law

A. Trademark infringement under the Lanham Act, 15 U.S.C. § 1114

Count one of plaintiff's complaint alleges unlawful infringement of a registered trademark under section 32 of the federal Lanham Act, 15 U.S.C. § 1114. Plaintiff claims that defendant's stylized form of the

4. Plaintiff could not at first remember the out-of-state destinations of his shutters, although he stated that he was certain that out-of-state sales had occurred. After plaintiff consulted phone logs at his office, he testified that his memory was refreshed, and he was able to supply the specific information. Plaintiff stated that he was unable to provide documentation for sales made in the seventies, because he had destroyed old records on the advice of his accountant.

word "Shutterworld" is a "colorable imitation" of its registered mark, and that defendant's use of the word is likely to cause confusion, to cause mistake, or to deceive.

The central question in a trademark infringement case involves the "likelihood of confusion" on the part of consumers between the marks used by the parties. *Freedom Savings & Loan Ass'n v. Way*, 757 F.2d 1176, 1179 (11th Cir.), *cert. denied*, 474 U.S. 845, 106 S.Ct. 134, 88 L.Ed. 2d 110 (1985). In an earlier opinion rendered in this case, the Court (Castagna, J.) denied plaintiff's motion for summary judgment; in so doing, the Court stated that "the factual issue of whether there is a likelihood of confusion ... remains in dispute." (Opinion, December 29, 1987). At trial, the parties therefore devoted most of their proof and arguments to this issue.

[1] A threshold question, however, concerns the extent to which plaintiff's mark deserves trademark protection. Defendant has argued that plaintiff does not enjoy trademark protection over uses of the mark

outside of the registered form, or over use of the word "Shutterworld" as a trade name. The proofs in this case show many instances in which plaintiff has made use of his mark outside of the stylized form. They show that plaintiff often has used the mark to modify its business rather than a particular product. The Court therefore finds that the validity of plaintiff's trademark rights in the name "Shutterworld" is a matter deserving of some preliminary discussion.

1. Scope of trademark protection

[2] Section 1115(a) of title 15, United States Code, provides that registration of a mark under the provisions of federal law is prima facie evidence of a registrant's "exclusive right to use the registered mark in commerce on the goods or services specified in the registration." Under 15 U.S.C. § 1115(b), a trademark that has become

"incontestable" under the Lanham Act's provisions is conclusively presumed to be entitled to protection, subject only to specific defenses enumerated in the statute. Incontestability shields a registered mark from the defense that the mark is "merely descriptive" of the goods or services to which it is applied. *Park 'n Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205, 105 S.Ct. 658, 667, 83 L.Ed.2d 582 (1985).

In this case, plaintiff proved that his mark was granted registration in 1977 for use on "pre-hung wooden shutter assemblies." He also has shown that the registered mark became incontestable upon the filing of the necessary affidavit. *See* 15 U.S.C. § 1065. Plaintiff asserts that these facts conclusively establish his exclusive rights to use of the name "Shutterworld."

[3] Defendant, on the other hand, has argued that plaintiff has no rights in the term when it is used with reference to plaintiff's business, rather than the product (i.e., as a trade name); when used on products other than pre-hung wooden shutter assemblies; or when used in plain, block letter form. If plaintiff merely were claim-

ing the protection of registration without the benefit of incontestability, defendant would be partially correct. The presumption of validity that applies to registered marks that have not become incontestable is limited to the specific goods or services listed in the registration. *See, e.g., Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1354 (9th Cir.1985); *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1396 (3d Cir.1985); *see also Chicago Reader, Inc. v. Metro College Publishing Co.*, 711 F.2d 801, 803 (7th Cir. 1983). Plaintiff in such a case still would have the opportunity, however, to demonstrate common-law rights to use of the trademark on unregistered goods or in unregistered form. *See Natural Footwear*, 760 F.2d at 1397 n. 31.

[4] However, the mark involved in this case has become incontestable. It is not necessary for plaintiff to prove common law rights in the mark, or to rebut charges that the mark is merely descriptive. The validity of the mark is not in dispute, and plaintiff may prevent the use of any mark that has been used in such a way as to

create a likelihood of confusion with its use of the mark as registered. *See Park 'n Fly*, 469 U.S. at 205, 105 S.Ct. at 667; *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 924–25 (10th Cir.1986); *Source Servs. Corp. v. Chicagoland Jobsource, Inc.*, 643 F.Supp. 1523, 1527 (N.D.Ill.1986).

[5] Defendant has claimed that plaintiff has abandoned use of the mark in its registered form. Abandonment is one of the several defenses to an incontestable mark enumerated in 15 U.S.C. § 1115(b). It is an affirmative defense, requiring strict proof of two distinct elements. *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1516 (11th Cir. 1984). Defendant must show that plaintiff actually discontinued use of the mark, and that plaintiff intended to abandon the mark. *Id.; Citibank, N.A. v. Citibanc Group, Inc.*, 724 F.2d 1540, 1545 (11th Cir. 1984).

[6] Defendant's claim of abandonment emphasizes two separate circumstances. First, defendant claims that the testimony of its witnesses showed that the shutters

for sale in plaintiff's stores were not branded with plaintiff's trademark. It claims that this shows nonuse of the mark. Second, defendant claims that the evidence, particularly earlier statements by plaintiff Dieter made during the course of discovery, show that plaintiff does not sell trademarked goods in interstate commerce.[5]

Under 15 U.S.C. § 1127, proof of a registrant's nonuse of a mark for two consecutive years constitutes prima facie evidence of abandonment. The registrant can dispel the effect of the evidence, however, by proving that the circumstances do not justify the inference of intent not to resume use of the mark. *E. Remy Martin & Co. v.*

5. The argument concerning out-of-state sales of plaintiff's shutters is also the basis for defendant's request that the Court cancel the registration of Dieter's mark. That request is discussed *infra.*

Shaw-Ross Int'l Imports, Inc., 756 F.2d 1525, 1532 (11th Cir.1985).

Defendant has not made even a prima facie showing of abandonment. The evidence is hazy regarding the extent to which plaintiff has continued to use his mark. However, plaintiff did prove that he has offered trademarked goods for sale within the past two years. Defendant's witness Abrahamson testified that during his visit to plaintiff's Largo showroom in November of 1987, he saw "some" marked shutters. Plaintiff testified that most of the shutters he sells are marked, and that he has continued to use the mark up to the present time. There was competent evidence of recent out-of-state sales of plaintiff's shutters. Witness Snyder, testifying for plaintiff, stated that a "recent" shipment of trademarked painted shutters had been made to

an out-of-state customer.[6] The Court finds that on the basis of these facts, it cannot conclude either that plaintiff actually has abandoned or has intended to abandon its registered trademark.

2. Likelihood of confusion

[7] There are seven factors to be considered in determining whether two marks create a likelihood of confusion. They are: the type of trademark at issue; similarity of design; similarity of products; identity of purchasers and similarity of retail outlets; similarity of advertising campaigns; defendant's intent; and actual confusion. *Freedom Savings*, 757 F.2d at 1182; *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 972 (11th Cir.1983).

6. The Court cannot accept defendant's argument that once plaintiff's marked shutters have been painted or stained, they are tantamount to unmarked goods. As the Court already found, painting over the "Shutterworld" brand obscures but does not obliterate the trademark. On the painted sample submitted to the Court, the middle letters "erw" are not visible, but the outer letters and the distinctive overall characteristics of the mark are still evident. The circled "R" that follows the mark is highly visible. *See* defendant's exhibit 4.

[8, 9] One of the most critical factors in the analysis concerns the type of mark at issue. As a general rule, the more distinctive a trademark is, the greater the likelihood that consumers will identify it with a particular product. Distinctive marks are therefore accorded the highest degree of protection.[7] *Freedom Savings*, 757 F.2d at 1182.

7. The fact that plaintiff's mark is incontestable does not prevent the Court from assessing its strength in this context. The mark is presumed not to be merely descriptive when it comes to the question of validity. However, this does not establish the mark's status for purposes of determining the likelihood of confusion issue. Validity and likelihood of confusion are separate issues. *See Source Servs. Corp. v. Chicagoland Jobsource, Inc.*, 643 F.Supp. 1523, 1532–33 (N.D. Ill.1986).

[10–12] There are generally considered to be four categories of trademark strength. A trademark will be classified as either arbitrary, suggestive, descriptive or generic. *Id.*, 757 F.2d at 1182 n. 5; *American Television & Communications Corp. v. American Communications & Television*, 810 F.2d 1546, 1548 (11th Cir.1987). Marks are accorded protection according to the category into which they fall, with "arbitrary" marks receiving the most protection and "generic" marks the least. *American Television*, 810 F.2d at 1548. A descriptive mark or name is one that naturally indicates the qualities, character, effect or purpose of a product. *Vision Center v. Opticks, Inc.*, 596 F.2d 111, 116 (5th Cir. 1979). It often employs terms that competitors are likely to use or have used in describing their goods. *Id.* at 116–17. Generic marks refer to the particular genus of which individual goods are an example; these marks are never entitled to trademark protection. *Freedom Savings*, 757 F.2d at 1182 n. 5.

[13–15] The unadorned term "shutter" is clearly generic. Similarly, the word "world" is generic when applied to a place where one could expect to find a large number and variety of shutters. "World" is an extremely common suffix for businesses of all types in Florida; defendant's founders testified to that fact when they explained the genesis of their "Shutterworld" name.[8] The fact that plaintiff here has combined the generic term "shutter" with the term "world" does not in this case make the name significantly more distinctive. *Cf. Computerland Corp. v. Microland Computer Corp.*, 586 F.Supp. 22, 24 (N.D.Cal.1984) (name "Computerland" found to be descriptive "at best" when

8. Schoonover testified that the decision to use the name was reached while he and Hoovis were in Orlando, home of "Walt Disney World." It was there that they noticed the prevalence of "world" as a business suffix. The witness stated that they had wanted to conform their business name to their environment, and that "Shutterworld" seemed "a logical conclusion."

applied to retail stores selling computers); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 12 (2d Cir.1976) (name "Safariland" generic when applied to portion of defendant's store given over to sale of "safari" clothes). The word "Shutterworld" is, in the Court's estimation, generic when used as a trade name in describing plaintiff's shutter business.

[16, 17] The Court here is concerned, however, with protection only of plaintiff's use of the name on the products specified in the registration.[9] When applied to the pre-hung wooden shutters themselves, the name "Shutterworld" is not generic. Insofar as the word refers to a place rather than to the product, its use on the product is at first glance incongruous. This incongruity lends a certain distinctiveness to the

9. The scope of the conclusive presumption of validity provided by incontestability, under 15 U.S.C. § 1065, extends only that far. *See* 15 U.S.C. § 1065; *see also M-F-G Corp. v. EMRA Corp.*, 817 F.2d 410, 411 (7th Cir.1987); *In re Loew's Theatres, Inc.*, 769 F.2d 764, 769 (Fed.Cir. 1985).

term when so used. However, the fact that the name prominently contains the product's generic name (shutter) detracts from its distinctiveness. Purveyors of either wooden or roll-down shutters will have an obvious tendency to select the word "shutter" in describing their products. The Court finds the net result to be a term best characterized as descriptive, especially in light of the principle that "[t]he concept of descriptiveness must be construed rather broadly." *Vision Center*, 596 F.2d at 116 (quoting 3 R. Callman, *The Law of Unfair Competition, Trademarks & Monopolies* § 70.2 (3d ed. 1969)).

[18, 19] The owner of a descriptive mark can show that his mark is entitled to heightened protection if the mark has gained "secondary meaning." Secondary meaning refers to the tendency of the consuming public to associate a trademark with a particular producer. *American Television & Communications Corp. v. American Communications & Television, Inc.*, 810 F.2d 1546, 1549 (11th Cir.1987). In deciding whether secondary meaning is present, a court should look at factors

bearing upon the extent to which a producer has promoted such a conscious connection in the mind of the consuming public, and the extent to which such a connection has been achieved. *See id.; Conagra, Inc., v. Singleton*, 743 F.2d 1508, 1513 (11th Cir.1984).

[20] The plaintiff in this case has failed to show the existence of secondary meaning for its mark "Shutterworld." There is evidence that plaintiff has intended to promote such meaning; the very mark superficially refers to the source of the product as much as to the product itself. Consumers probably assume that shutters marked "Shutterworld" came from a business bearing that name. There is no evidence, however, that the name "Shutterworld" is associated in the minds of consumers with *plaintiff's* business, especially in light of the fact that the name "Shutterworld," as applied to a business involving the sale of shutters, is not distinctive. Plaintiff's witness Snyder testified that several of his decorating clients, who had received shutters bearing plaintiff's trademark, inquired

of Snyder whether he was doing business as "Shutterworld." This in fact shows a *lack* of secondary meaning, in that it shows that those consumers were completely ignorant of who had produced the product.

A second criterion for consideration pertains to similarity in trademark design. There is a strong similarity of design here. The names used by each business are identical; the designs are reminiscent of each other in that each stresses the word itself and the letter "O." *Compare* plaintiff's exhibit 2 (appendix 1) *with* plaintiff's exhibit 11 (appendix 2).

The matter of similarity of products was a focus of attention at trial. Defendant sought to show that its exterior roll-down shutter is a product entirely distinct from the wooden shutter that bears plaintiff's registered mark. The Court finds that the roll-down security shutter differs from the interior decorative shutter in appearance, in purpose, in function, and in price. Although both kinds of shutters are properly referred to as "shutters" and both are intended for installation near windows, they are distinct products.

[21] The inquiry concerning likelihood of confusion, however, requires the Court to proceed further and to decide whether the two products, although distinct, are of the type that consumers tend to attribute to the same producer. Trademark protection extends beyond goods listed in the registration certificate to embrace such closely-related goods. Use of a similar trademark on closely similar types of goods obviously poses a possibility of confusion. *E. Remy Martin*, 756 F.2d at 1530.

The evidence in this case shows that interior and exterior shutters often are offered for sale by a single producer or dealer. The parties introduced pages from telephone book listings under the classification "Shutters"; some of the ads pictured there had been placed by dealers who carried both interior and exterior shutters. *See* plaintiff's exhibits 10, 13. Aeicor Aluminum, the producer of the exterior aluminum shutters sold by plaintiff, exhibits decorative "Bahama" shutters as well as roll-down security shutters in its brochure. *See* defendant's exhibit 22. There appears

to be considerable overlap among various shutter dealers with respect to the product lines carried. Consumers therefore would have a sound basis for concluding that a seller of wooden interior shutters also would deal in roll-down shutters.

The next element for consideration concerns the identity of purchasers and similarity of retail outlets. The testimony in this case shows that both plaintiff and defendant make sales directly to homeowners. Based upon the evidence concerning the two products, the Court concludes that it is more than likely that many homeowners who have purchased one type of shutter also will have occasion to purchase the other kind. As stated, the shutters serve different purposes; however, those purposes in many ways are complimentary. Snyder testified that the interior wooden shutters he sells often are installed in smaller windows, such as bathroom windows. By contrast, the defendant's shutters depicted in its brochures and ads appear primarily in larger, floor-length windows, such as porch windows. Further,

some of the photographs show two sets of shutters in a single window: one set inside, and one outside. A homeowner conceivably would find it advantageous to outfit his home with both kinds of shutters.[10]

The retail strategies of plaintiff and defendant are not similar, however. Plaintiff makes sales through dealers, and directly to customers from its two retail outlets. Defendant, on the other hand, makes most of its sales at customers' homes. It does not maintain a separate showroom for its products. This difference decreases the likelihood of confusion.

The Court is also concerned with similarities between the two parties' advertising campaigns. The evidence shows that both plaintiff and defendant have made extensive use of telephone book and newspaper advertising. However, the ads are aimed at consumers in different geographic areas. The evidence shows no medium in which both plaintiff and defendant have adver-

10. Schoonover testified that defendant in fact has received referrals from Interiors by Tilley of Naples, which is one of the decorators that deals in plaintiff's shutters.

tised simultaneously.[11] The Court finds it significant, in this respect, that the items sold by both plaintiff and defendant are high-priced, permanent household items that a customer would be likely to purchase only after some degree of deliberation. For this reason, it seems probable that most consumers would purchase shutters in or near the area in which they live. Therefore, the geographic separation of the parties' businesses is in this case a significant factor, and one that militates against possible confusion.

[22] A sixth factor in the analysis concerns the defendant's intent. The Court here is concerned with whether defendant appropriated plaintiff's mark with the aim of inducing customer confusion. A finding of such malicious purpose will make a court more likely to find a likelihood of confusion. *Freedom Savings*, 757 F.2d at 1185.

11. Although both plaintiff and defendant have at various times bought ads in the Sarasota Herald Tribune, plaintiff stopped advertising in the Sarasota area years before defendant began its business.

In this case, the evidence shows no nefarious purpose by defendant. In fact, it shows that defendant's officers went to some lengths to assure themselves that they were entitled to use the "Shutterworld" name. They received assurance that no such name previously had been registered in Florida. They conducted a nationwide search for other users of the name. They continued to use the "Shutterworld" mark only after they determined, in good faith, that plaintiff's use of the mark applied to a distinct product in a separate geographic market. No evidence showed that defendant was aware of any goodwill attaching to the name by virtue of plaintiff's use of it; much less did it show that there was any intent on defendant's part to appropriate that goodwill to its business.

[23] The final element is actual confusion. Actual confusion by even a few customers is considered the best evidence of a likelihood of confusion by many customers. *Id.* The Court finds that in this case, there

is no solid, credible evidence that any potential customer has mistaken defendant's business for plaintiff's.

Plaintiff Dieter related incidents in which individuals had inquired whether his business was related to that of defendant. Each of these incidents, however, involved persons who were not customers or potential customers. There was no confusion on the part of any person who had more than a superficial acquaintance with either business. *Cf. Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1167 (11th Cir.1982) (confusion of individuals, not customers, who are only casually acquainted with a business is entitled to little weight). The only instance of customer confusion was related by plaintiff's expert Snyder. This testimony, however, was not credible because of the witness's initial conviction that the event had occurred *before* defendant began to use the trademark.

The Court notes in any event that all of the incidents related involved situations in which plaintiff's business was taken to be defendant's, rather than vice versa. There was no situation related in which defendant's use of the mark had triggered an association with plaintiff's business in the mind of a consumer. The Court also notes that defendant had been doing business in the Fort Myers area for between three and four years before any instance of confusion was reported. In light of all of this, the Court finds plaintiff's "actual confusion" evidence to be minimal at best. *Cf. Sun Banks of Florida, Inc. v. Sun Federal Savings & Loan Ass'n*, 651 F.2d 311, 319 (5th Cir.1981).

[24] Analysis of all of these elements leads the Court to conclude that there is no likelihood of confusion. There is therefore no justification for enjoining defendant's use of the "Shutterworld" name or grant-

ing plaintiff the other relief it seeks.[12] Chief among the factors that the Court finds significant are the weakness of the plaintiff's mark, and the lack of proof of actual confusion on the part of consumers.

12. Even if a likelihood of confusion existed here, the circumstances of this case would defeat plaintiff's request for monetary relief. The Lanham Act, 15 U.S.C. § 1117, authorizes courts to award profits and damages in cases of proven infringement. Such awards, however, are "subject to the principles of equity" and are to constitute compensation, not a penalty. *Id.; see Burger King Corp. v. Mason*, 710 F.2d 1480, 1495 (11th Cir.1983). A plaintiff seeking such an award must show with specificity the damages he has sustained. Plaintiff is entitled to recover the profits defendant has obtained through sales made to purchasers who were seeking plaintiff's product, but were misled by the unlawful infringement. *St. Charles Mfg. Co. v. Mercer*, 737 F.2d 891, 892-93 (11th Cir.1983).

In this case, the only instances of actual confusion that plaintiff was able to prove were not harmful to plaintiff. In fact, he testified that because of at least one of the incidents, he obtained an opportunity to participate in a local "home show." There was no evidence that defendant had gained any sale or other advantage because of the similarity of trademarks.

Cf. Freedom Savings, 757 F.2d at 1186 (type of mark and actual confusion are considered the most important factors in the analysis). The Court notes that, although the names used by the parties are the same, the goods involved are high-priced, permanent items that customers will investigate before purchasing. The two sets of goods are not in direct competition with each other, as they serve distinct purposes. It also notes that plaintiff testified that most of his customers outside of the Tampa area are builders or interior decorators, who can be expected to be relatively sophisticated buyers.

B. Unfair competition under the Lanham Act

[25] Plaintiff has claimed that defendant's use of the name "Shutterworld" constitutes unfair competition under 15 U.S.C. § 1125(a). This count is not automatically barred by failure of plaintiff's infringement action, as unfair competition is broader in scope than infringement. *Freedom Savings*, 757 F.2d at 1186. The law of unfair competition will, for example, protect a holder of rights in an unregistered

trademark or trade name. *Id.*

[26] Plaintiff's attempt to vindicate rights in its registered "Shutterworld" mark has been explored fully *supra.* Plaintiff conceivably could claim that it has common law rights in its use of the word "Shutterworld" as a trade name (describing his business, rather than the product), and on goods other than those mentioned in his registration. *See Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1397 n. 13 (3d Cir.1985). However, the fact that the name is merely descriptive, without secondary meaning, prevents his having protectable rights in those uses of the mark. *See American Television & Communications Corp. v. American Communications & Television, Inc.*, 810 F.2d 1546, 1548 (11th Cir.1987). Therefore, plaintiff has no valid claim for unfair competition.

C. Trademark infringement and dilution under Florida law

The finding that defendant has not infringed plaintiff's trademark under federal

law also disposes of the state law infringement claim. *See Sun Banks*, 651 F.2d at 319.

[27] Plaintiff's dilution claim is based upon Fla.Stat.Ann. § 495.151. Under this statute, the holder of a trademark can prevent other users of his mark from "diluting" its commercial value by applying it to distinct goods or services. A dilution claim, however, requires some proof that there has been an actual decrease in the commercial value of the plaintiff's mark. *Freedom Savings*, 757 F.2d at 1186. In this case, plaintiff presented no evidence to that effect. He therefore has not satisfied the burden on his dilution claim.

D. Cancellation of plaintiff's mark

Defendant formally moved at trial for cancellation of plaintiff's federal registration of the "Shutterworld" mark, pursuant to 15 U.S.C. § 1064. Defendant asserts that plaintiff has not been able to document its claim that it has made interstate sales of trademarked goods. The defend-

ant also attempted throughout trial to prove that plaintiff has abandoned its use of the mark.

Under section 1064, registration of a trademark is subject to cancellation more than five years after the date of registration only under specific circumstances. Those circumstances include abandonment of the mark, or fraud in the initial registration. In this case, defendant has argued that plaintiff has abandoned its use of the "Shutterworld" mark. As discussed above, however, the proofs in this case do not yield the conclusion that plaintiff has abandoned its use of the mark, as the term "abandoned" is defined in the Act. *See* 15 U.S.C. § 1127.

[28] Defendant also asserts that plaintiff's registration is void because plaintiff cannot prove that it shipped trademarked goods in interstate commerce prior to the date of the registration. Because plaintiff's registration has become incontestable this argument only will support cancellation if defendant is able to prove that plaintiff's registration was obtained fraudulent-

ly. *See* 15 U.S.C. §§ 1064, 1065. Cancellation on the grounds of fraud is something that courts should not undertake lightly; a defendant attempting to prove fraud must show by clear and convincing evidence that plaintiff deliberately attempted to mislead the federal Patent Office. *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 942 (10th Cir.1983).

There is no evidence of fraud in this case. Defendant pointed out that in interrogatories and during Dieter's deposition, plaintiff identified only individuals in Florida as specific customers. At the time of trial, however, plaintiff testified to specific interstate sales made during the past few years; he also testified that his sales records for the seventies had been destroyed on the advice of his accountant. There was no evidence that at any point plaintiff knowingly had misrepresented the interstate nature of his business. Therefore, defendant has presented no adequate grounds for cancellation of plaintiff's incontestable mark.

E. Attorney's fees

[29] Defendant has requested an award of attorney's fees in this case. Under 15 U.S.C. § 1117, the Court has the power in "exceptional cases" to award fees to the prevailing party. An award of fees only is proper, however, where there is evidence of fraud or bad faith. *Safeway Stores, Inc. v. Safeway Discount Drugs*, 675 F.2d 1160, 1167 (11th Cir.1982). There is no evidence of either on the part of plaintiff in this case; therefore a fee award would be highly inappropriate.

Conclusion

In light of the foregoing, IT IS HEREBY ORDERED that judgment be entered in favor of the defendant, and that the complaint in this case be DISMISSED.

IT IS SO ORDERED.

APPENDIX 1

Shutterworld®

APPENDIX 2

SHUTTERWORLD

The Roll Shutter Leader

IN THE UNITED STATES COURT OF APPEALS

FOR THE ELEVENTH CIRCUIT

NO. 88-3363

RICHARD A DIETER d/b/a
SHUTTERWORLD and
RICHARD A. DIETER CONTRACTOR, INC.

Plaintiff-Appellant
Cross-Appellee,

versus

B & H INDUSTRIES OF
S.W. FLORIDA, INC.,

Defendant-Appellee,
Cross-Appellant.

FILED
U.S. COURT OF APPEALS
ELEVENTH CIRCUIT
SEP 21 1989
MIGUEL J. CORTEZ
CLERK

Appeal from the United States District Court for the Middle District of Florida

---

ON PETITION(S) FOR REHEARING AND SUGGESTION(S) OF REHEARING IN BANC

(Opinion August 10, 1989, 11 Cir., 198__, __Fed.2d__)
(September 21, 1989)

Before RONEY, Chief Judge, HILL, Circuit Judge and HOWARD*, District Judge.

PER CURIAM:

( ) The Petition(s) for Rehearing are DENIED and no member of this panel nor other Judge in regular active service on the Court having requested that the Court be polled on rehearing in banc (Rule 35, Federal Rules of Appellate Procedure; Eleventh Circuit Rule 35-5), the Suggestion(s) of Rehearing In Banc are DENIED.

ENTERED FOR THE COURT:

Paul H. Roney

United States Circuit Judge

*Honorable Alex T. Howard, Jr., U.S. District Judge, Southern District of Alabama, sitting by designation.

STATUTES AND RULES INVOLVED

Rule 52(a), Federal Rules of Civil Procedure, reads in part:

> "...Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses..."

The Notes of Advisory Committee on Rules commenting on the 1985 Amendment of Rule 52(a) read in part:

> "...These considerations [arguments advanced for a more searching appellate review] are outweighed by the public interest in the stability and judicial economy that would be promoted by recognizing that the trial court, not the appellate tribunal, should be the finder of the facts. To permit courts of appeals to share more actively in the fact-finding function would tend to undermine the legitimacy of the district courts in the eyes of litigants, multiply appeals by encouraging appellate retrial of some factual issues, and needlessly reallocate judicial authority."

Rule 10(a), Federal Rules of Appellate

Procedure, reads in its entirety:

> Composition of the record on appeal. The original papers and exhibits filed in the district court, the transcript of proceedings, if any, and a certified copy of the docket entries prepared by the clerk of the district court shall constitute the record on appeal in all cases.

Rule 10(e), Federal Rules of Appellate

Procedure, reads in its entirety:

> Correction or modification of the record. If any difference arises as to whether the record truly discloses what occurred in the district court, the difference shall be submitted to and settled by that court and the record made to conform to the truth. If anything material to either party is omitted from the record by error or accident or is misstated therein, the parties by stipulation, or the district court either before or after the record is transmitted to the court of appeals, or the court of appeals, on proper suggestion or of its own initiative, may direct that the omission or misstatement be corrected, and if necessary that a supplemental record be certified and transmitted.

All other questions as to the form and content of the record shall be presented to the court of appeals.

15 U.S.C. § 1115(b) provides in part:

To the extent that the right to use a registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. . . . Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1119 of this title . ..

15. U.S.C. § 1058(a) provides in part:

. . . (The) registration of any mark under the provisions of this act shall be canceled by the Commissioner at the end of 6 years following its date, unless within 1 year next preceding the expiration of such 6 years the registrant shall file in the Patent and Trademark Office an affidavit showing that said mark is in use in commerce or showing that its nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark.

15 U.S.C. § 1119 provides in part:

> In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

Rule 11-2, Eleventh Circuit Court of Appeals, provides in its entirety:

> The clerk of the district court is responsible for determining when the record on appeal is complete for purposes of the appeal. Unless the record can be transmitted to the clerk of this court within 15 days from the filing of notice of appeal or 15 days after the filing of the transcript of trial proceedings if one has been ordered, whichever is later, the clerk of the district court shall advise the clerk of this court of the reasons for

delay and request an enlarged time for filing the record.

Rule 11-3, Eleventh Circuit Court of

Appeals, provides in its entirety:

> The clerk of the district court is responsible for transmitting with the record to the clerk of this court a list of documents correspondingly numbered and identified with reasonable definiteness.
>
> Exhibits of unusual bulk or weight which are contained in a box larger than 14 3/4" x 12" x 9 1/2" shall not be transmitted by the clerk of the district court until and unless directed to do so by the clerk of the court of appeals or by a party. A party must make advance arrangements with the clerks for the transportation and receipt of exhibits of unusual bulk or weight. A party may personally transfer oversized exhibits to the clerk of the court of appeals, if needed.

Rule 30-1, Eleventh Circuit Court of

Appeals, provides in part:

> Appeals from district courts and the tax court shall be on the original record without requirement of the appendix prescribed by FRAP 30. At

the time of filing a brief, appellant shall file four copies of the following portions, and only the following portions of the district court record, to be bound together but not in the brief:

(a) the district court docket sheet;
(b) the indictment, information, or complaint as amended;
(c) the answer, counterclaim, cross-claim, and replies thereto;
(d) those parts of any pretrial order relative to the issues on appeal;
(e) the judgment or interlocutory order appealed from;
(f) any other order or orders sought to be reviewed;
(g) any supporting opinion, findings of fact and conclusions of law filed or delivered orally by the court; and
(h) if the correctness of a jury instruction is in issue, the instruction in question and any other relevant part of the jury charge;
(i) a magistrate's report and recommendation, when appealing a court order adopting same in whole or in part;

(j) findings and conclusions of an administrative law judge, when appealing a court order reviewing an administrative agency determination involving same.

Rule 42-1(b), Eleventh Circuit Court of Appeals, provides in its entirety:

b) Dismissal for Failure to Prosecute. Where appeallant fails to file the record or a brief or otherwise fails to comply with rules requiring processing an appeal (or other proceeding) to hearing, the clerk shall issue a notice to counsel, or to appellant if the appearance is pro se, that upon expiration of 14 days from the date thereof the appeal (or other proceeding) will be dismissed for want of prosecution if the default has not been remedied. A party in default must seek leave of the court, by appropriate motion, to file documents out of time or otherwise remedy the default. Failure to seek such relief by filing an appropriate motion shall be considered a continuation of the default and may result in dismissal by the clerk. The clerk shall not dismiss an appeal (or other proceeding) during the pendency of a timely filed motion to file documents out of time or otherwise

remedy the default, but if the court denies such leave the clerk shall dismiss the appeal (or other Proceeding) forthwith.

If an appellant is represented by appointed counsel, the clerk may refer the matter to the court for possible disciplinary action against counsel in lieu of dismissal.

FILED
APR 12 1990
JOSEPH F. SPANIOL, JR.
CLERK

No. 89-1193

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1989

B & H INDUSTRIES
OF SOUTHWEST FLORIDA, INC.

- *Petitioner,*

V.

RICHARD A. DIETER, et al.

Respondents.

OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

C. Douglas McDonald, Jr.
Lead Counsel, and
David W. Pettis, Jr.
Pettis & McDonald, P.A.
Post Office Box 1528
Tampa, Florida 33601-1528
(813) 229-8176

Attorneys for Respondents

BEST AVAILABLE COP

QUESTIONS PRESENTED

1. Was a proper and complete record presented to the court of appeals by the district court?

2. Did the Court of Appeals improperly expand beyond this Court's decision in Park 'N Fly, Inc. v. Dollar Park and Fly, 469 U.S. 189, 224 U.S.P.Q. 327 (U.S. 1985) (hereinafter "Park 'N Fly") so as to decide an important question of federal law which has not been, but should be settled by this Court so as to make this case appropriate for review on certiorari?

3. Is the decision of the Court of Appeals in direct conflict with post-Park 'N Fly decisions in other

circuits so as to make this case appropriate for review on certiorari?

STATEMENT PURSUANT TO RULE 29.1

The Respondents are Richard A. Dieter, individually and d/b/a Shutterworld, and Richard A. Dieter General Contractor, Inc., a company wholly owned and controlled by Richard A. Dieter. The corporate respondent has no other corporate relationships.

TABLE OF CONTENTS

Pages

QUESTIONS PRESENTED 1

STATEMENT PURSUANT TO RULE 29.1 3

TABLE OF CONTENTS i

TABLE OF AUTHORITIES ii

STATUTES AND RULES INVOLVED 4

STATEMENT OF THE CASE 5

SUMMARY OF ARGUMENT 10

ARGUMENT 13

I. A Proper and Complete Record Was Before the Court of Appeals. 13

II. The Decision of the Court of Appeals Does Not Improperly Expand Beyond This Court's Decision In **Park 'N Fly**. 16

III. The Decision of the Court of Appeals Is Not In Direct Conflict With Other Circuits. 18

CONCLUSION 28

TABLE OF AUTHORITIES

Page

Cases

Freedom Savings and Loan Ass'n v. Way, 757 F.2d 1176 (11th Cir. 1985), cert. denied, 474 U.S. 845 (1985)..... 25

M-F-G Corp. v. Emra Corp., 626 F.Supp 699 (N.D. Ill. 1985), aff'd, 817 F.2d 410 (7th Cir. 1987)..... 21,22,23

Miss World (UK) Ltd. v. Mrs. America Pageants, Inc., 856 F.2d 1445 (9th Cir. (1988)..... 23,24

Oreck Corp. v. U.S. Floor Systems, Inc., 803 F.2d 166 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987)..... 19,20,21

Park 'N Fly v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985).....11,16,17 18,19,23

Source Services Corp. v. Chicagoland Job Source, Inc., 643 F.Supp. 1523 (N.D. Ill.1986)..... 17,18

Wynn Oil Co. v. Thomas, 839 F.2d 1183 (6th Cir. 1988)... 18

Rules

Rule 11-3, Eleventh Circuit Court of Appeals..... 4,13,14

Internal Operating Procedures to 11th Cir. R. 11-3..... 5,10,14

No. 89-1193

IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1989

B&H Industries of Southwest Florida, Inc.

Petitioner,

v.

Richard A. Dieter, et al.,

Respondents.

STATUTES AND RULES INVOLVED

In addition to the statutes and rules cited by Petitioner in its petition and appendix, Respondents invite the Court's attention to the Internal Operating Procedures of the United States Court of Appeals for the Eleventh Circuit with particular regard to 11th Cir. R. 11-3. The 11th Cir. R. 11-3 is reproduced in

the Appendix at A84. The corresponding Internal Operating Procedure states, verbatim:

> Preparation and Transmission of Exhibits. In many districts, by local practice , discovery material is not filed with the clerk. Furthermore, exhibits may sometimes be returned to the parties. Parties are expected to notify the district court of any exhibits which they believe should be transmitted to the court of appeals, and if not then on file with the district court, to provide said exhibits to the district court clerk. (Emphasis added). I.O.P. to 11th Circ. R. 11-3.

STATEMENT OF THE CASE

In supplementation and clarification of the statement of the case made by petitioner B & H Industries of Southwest Florida, Inc. (hereinafter "B & H"), respondents Richard A. Dieter, d/b/a SHUTTERWORLD, and Richard A. Dieter General Contractor, Inc. (hereinafter,

collectively, "Dieter") respectfully add the following.

In its Petition, at 14, B & H states that its slogan was changed to eliminate the possibility that the name would be identified with products other than roll-down shutters. This was not a finding by the district court. Rather, the district court found that "According to Schoonover, Hoovis created this slogan to eliminate [any such possibility]...." A35. (Emphasis added.)

In its Petition, at 15, B & H states that it sought federal registration of the "Shutterworld" name and logo in 1986. That is true. However, this Court's attention is invited to the fact that this was the second application for federal registration of the "Shutter-world" name filed by B & H. A prior

application to register the "Shutterworld" name was filed by B & H, for "B & H first learned of Dieter's trademark in October of 1984 by a letter from the U. S. Patent and Trademark Office." A39 and A40.

In its Petition, at 17, B & H states that it never intentionally used the word "Shutterworld" unless it was accompanied by the slogan, and in stylized form. However, the district court noted that B & H did, in fact, use the word "Shutterworld" without stylized script or slogan to refer to its business and its product, interchangeably. A38.

At page 22 of its Petition, B & H accurately paraphrases the opinion of the district court when it says that Dieter first learned of B & H's use of "Shutterworld" in early 1987. However, as the

last paragraph beginning on page 22 of the Petition indicates, Dieter met with two representatives of B & H in August of 1986. Clearly, then, Dieter first learned of B & H and its use of the name "Shutterworld" in 1986.

The holding of the court of appeals is stated at page 31 of the Petition. Dieter respectfully submits that the Petition misstates the holding. By referring to the Appendix, this Court will see that the court of appeals held "that incontestable status is a factor to be taken into consideration in likelihood of confusion analysis." A18 and A19. The court of appeals then stated that given the incontestable status of Dieter's mark, it is presumed to be at least descriptive with secondary meaning. A19. "Accordingly, the

district court's conclusion that Dieter's mark was merely descriptive, and not entitled to strong protection [was] REVERSED." A19.

Finally, B & H does accurately set forth the denial of its Suggestion for Rehearing In Banc. A31. However, this Court must be made aware that at no time prior to the filing of that Suggestion had B & H ever questioned the validity of Dieter's registration on any grounds other than abandonment. The district court found that B & H had not even made a prima facie showing of abandonment. A54. Absolutely no issue of the validity of Dieter's registration was presented in either party's briefs to the court of appeals, for no such issue is even mentioned in the opinion of that court. See A1-A21. In fact, both the district

court (A51) and the court of appeals (A7) found Dieter's mark to be incontestable. No issue concerning the validity of Dieter's mark is properly before this Court.

SUMMARY OF ARGUMENT

A proper and complete record was provided to the court of appeals. If B & H wished to have any exhibits transmitted to the court of appeals, it was the responsibility of B & H to notify the district court in that regard. I.O.P. to 11th Cir. R. 11-3. The court of appeals acted strictly within the bounds of the "clearly erroneous" rule in reversing the decision of the district court, and no issue relating thereto makes this case appropriate for review on certiorari.

The decision of the court of appeals does not improperly expand this Court's decision in Park 'n Fly v. Dollar Park and Fly, Inc., 469 U.S. 189, 105 S.Ct. 658, 83 L.Ed.2d 582, 224 U.S.P.Q. 327 (1985). In Park 'N Fly, this Court held that "the holder of a registered mark may rely on incontestability to enjoin infringement...." Id. at 469 U.S. 205, 224 U.S.P.Q. 334. The decision of the court of appeals is in full accord with that holding, for it simply acknowledges that the incontestable status of a registered mark is a factor to be taken into consideration [relied upon] in determining likelihood of confusion. That factor was erroneously ignored by the district court. This case does not improperly expand Park 'N Fly, and is not appropriate for review on certiorari.

Finally, the decision of the court of appeals is not in direct conflict with other circuits. Even when most gratuitously viewed, the circuit court opinions cited in the B & H Petition can only be read to say that incontestability, without more, will not make a weak mark strong. The court of appeals in this case held that incontestability is "a factor to be taken into consideration" in determining likelihood of confusion. A18 and A19. Properly taken in combination with all of the other factors to be considered, the court of appeals found a likelihood of confusion between the Dieter "Shutterworld" mark and the B & H "Shutterworld" mark. The decision of the Eleventh Circuit is not appropriate for review on certiorari.

ARGUMENT

I. A Proper and Complete Record Was Before the Court of Appeals.

The essence of the first argument made by B & H in its Petition for Certiorari is to the effect that review must be afforded by this Court, for an incomplete record was reviewed by the court of appeals. The error of this position is immediately apparent when one considers the provisions of the Local Rules of the Eleventh Circuit and its Internal Operating Procedures.

As set forth in the Appendix at A84, Rule 11-3 of the Eleventh Circuit provides that the clerk of the district court is responsible for transmitting with the record to the clerk of the court of appeals "a list of documents correspondingly

numbered and identified with reasonable definiteness." Dieter certainly does not dispute the provisions of this Rule 11-3. However, B & H appears to have overlooked the Eleventh Circuit's stated and published procedures for interpreting and implementing that rule as contained in the Internal Operating Procedures of the Eleventh Circuit. I.O.P. to 11th Cir. R. 11-3 has been reproduced in this Reply under the heading "STATUTES AND RULES INVOLVED," supra, at 5. The Internal Operating Procedure relating to the preparation and transmission of exhibits specifically obligates the parties to an appeal before the Eleventh Circuit to notify the district court of any exhibits which they believe should be transmitted to the court of appeals.

Nowhere in its Petition does B & H allege that any such notification was given to the district court, for B & H provided no such notification. At this late date, B & H cannot be heard to seek review on certiorari based upon an alleged "error" of its own making.

Dieter would further invite this court's attention to the fact that nowhere in its Petition does B & H identify even one specific trial exhibit, the presence of which would show any error on the part of the court of appeals. Nowhere in the opinion of the trial court (A22-A77) does the district court raise any issue of dispute or conflict concerning the documentary exhibits. Nowhere in the opinion of the court of appeals (A1-A21) does that court discuss any issue or controversy concerning the trial exhibits.

Clearly, a proper record was before the court of appeals. Just as clearly, the opinion for which this writ of certiorari is sought thoroughly and correctly applied the "clearly erroneous" standard as set forth in prior decisions of this Court.

II. The Decision of the Court of Appeals Does Not Improperly Expand Beyond this Court's Decision In Park 'N Fly.

Contrary to the assertions set forth by B & H in its Petition, this court of appeals did not hold that a mark's incontestable status creates a presumption that the mark is strong. Rather, the court of appeals held that incontestable status is a factor to be taken in consideration in likelihood of confusion analysis. The error corrected by the court of appeals was the failure of the district court even to consider the

incontestable status of Dieter's mark in evaluating likelihood of confusion.

Dieter does not, and has not, taken the position that the incontestable status of a mark is determinative of likelihood of confusion. Infringement must be proved. Neither did this court of appeals. However, Dieter strongly supports the holding that incontestable status is to be considered in determining likelihood of confusion, and, if "the holder of a registered mark may rely on incontestability to enjoin infringement," (Park 'N Fly, 469 U.S. at 205), that it certainly was not an improper expansion of that decision for this court of appeals so to hold.

The B & H Petition accurately notes that the court of appeals considered but chose not to follow Source Services Corp.

v. Chicagoland Job Source, Inc., 643 F. Supp. 1523, 1 U.S.P.Q.2d 1048 (N.D. Ill. 1986), and only mentioned in a footnote (Petition at 51) that the decision of the court of appeals was in accord with the Sixth Circuit in Wynn Oil Co. v. Thomas, 839 F.2d 1183, 5 U.S.P.Q.2d 1944 (6th Cir. 1988). The opinion of the court of appeals neither conflicts with nor improperly extends this court's decision in Park 'N Fly, and is in accord with the opinion of the Sixth Circuit in Wynn Oil. This case does not present an issue appropriate for review on certiorari.

III. The Decision of the Court of Appeals Is Not In Direct Conflict with Other Circuits.

In its attempt to obtain a writ of certiorari, B & H seeks to cast the opinion of the court of appeals as being

in "direct conflict" with the decisions of "various" other circuit courts when interpreting **Park 'N Fly**. However, upon examination of the cases relied on in the Petition, it becomes quite apparent that many of the seven significant factors, and not just the strength of the mark sub judice, compelled the results in those cases.

For example, Oreck Corp. v. U. S. Floor Systems, Inc., 803 F.2d 166, 231 U.S.P.Q. 634 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987), certainly did not turn solely upon an interpretation of the meaning to be given **Park 'N Fly**. In evaluating the strength of the mark in the **Oreck** case, the Fifth Circuit found several characteristics weighing against affording broad trademark protection to the "XL" mark. That court found that the

same mark was used by third parties on a variety of commercial goods. No such finding was made at the trial of this case. Furthermore, the Fifth Circuit noted that Oreck regularly advertised its mark in connection with the words "extended life." Once again, there is no such similar finding with regard to Dieter's "SHUTTERWORLD" mark. Under all the circumstances present in the Oreck case, the Fifth Circuit concluded that the mark simply did not deserve the broad measure of protection that would be required in order to prohibit that defendant's limited use. It should also be noted that the Fifth Circuit, in Oreck found only slight similarity between the plaintiff's and defendant's marks. To the contrary, here, even the district court found "strong similarity" in this

case. A62. In Oreck, the Fifth Circuit further found a significant difference in purchasers of the products of the plaintiff and defendant. Here, both the district court and the court of appeals found the customers of Dieter and B & H to be similar. The court of appeals further reversed the district court's finding with regard to a difference in retail strategies as being clearly erroneous and held the retail outlets and customers of Dieter and B & H to be similar. In short, Oreck is inapposite.

B & H also relies upon the decisions in M-F-G Corp. v. Emra Corp., 626 F.Supp. 699, 228 U.S.P.Q. 568 (N.D. Ill. 1985), aff'd 817 F.2d 410, 2 U.S.P.Q.2d 1538 (7th Cir. 1987). In that case, the scope of protection afforded by an incontestable

mark was under consideration. However, the decision of the district court clearly stands for the position that incontestability does not broaden the scope of protection over a greater range of products than the owner would otherwise be entitled to claim. The district court further found that none of the traditional indicators of strength of a mark favored the plaintiff in that case. Accordingly, the incontestable registered mark used to identify hair cutting scissors and replacement blades was found not to be infringed by use of a similar mark for hair cutting shops and shampoo. It should also be noted that the district court found an absence of identity between purchasers, retail outlets and advertising media. The **M-F-G** case certainly was not

decided just on the court's interpretation and application of **Park 'N Fly**.

In affirming the decision of the district court in the **M-F-G** case, the Seventh Circuit simply affirmed the finding of no likelihood of confusion. Notably, though, the Seventh Circuit did observe in its opinion that the defendant agreed that the incontestable status of plaintiff's mark as used to identify shears prevented the defendant from applying the same mark to shears used in its hair cutting shops.

The opinion of the Ninth Circuit in **Miss World (UK) Ltd. v. Mrs. America Pageants, Inc.**, 856 F.2d 1445, 8 U.S.P.Q. 2d 1237 (9th Cir. 1988), is relied upon by B & H as being in direct conflict with the opinion of this court of appeals. However, the **Miss World** opinion states

that incontestable status alone does not establish a strong mark. See Petition at 54. Dieter respectfully submits that the opinion now presented to this Court for certiorari is actually in accord with **Miss World**, for in that case the Ninth Circuit noted that incontestable marks are "conclusively presumed to have secondary meaning." **Miss World**, 8 U.S.P.Q.2d at 1240, n.4. The district court in the case presently before this Court did not recognize that incontestability demonstrated secondary meaning, and the court of appeals found that to be error. It should also be noted that, unlike the present case, the marks in **Miss World** were found to be dissimilar. There is no "direct conflict" with **Miss World**.

In summary, the decision of the Eleventh Circuit in this case simply is not in direct conflict with the decisions of other circuits. Any fair reading of the court of appeals' decision in this case shows that its reversal of the district court with regard to the issue of likelihood of confusion was not solely based upon its holding that the incontestable status of a mark is a factor to be considered in determining the strength of the mark. Both the district court and the court of appeals utilized the seven factor analysis recognized in **Freedom Savings and Loan Ass'n v. Way**, 757 F.2d 1176 (11th Cir. 1985), cert. denied. 474 U.S. 845, 106 S.Ct. 134, 88 L.Ed. 2d 110 (1985). Neither Dieter nor B & H has challenged the applicability of those seven factors.

On appeal, Dieter challenged four specific points in the opinion of the district court: (1) its finding that Dieter's mark had not acquired secondary meaning; (2) its finding that the retail strategies of Dieter and B & H were not similar; (3) its finding that the businesses of Dieter and B & H were geographically separate; and (4) its finding that B & H's continued use of the "SHUTTERWORLD" mark was in good faith. A8-A9. The court of appeals ruled in favor of Dieter on all but the last of the four challenged points. At trial, the district court found in favor of Dieter with regard to the similarity of marks (A62), and with regard to similarity of products (A64). With all factors considered, the court of appeals found clear error in the opinion of the district

court and reversed its conclusion of no infringement. This case is not appropriate for review on certiorari.

In order to respond to all of the issues cast by B & H in its Petition, Dieter submits that the recent amendments to the Federal Trademark Law do nothing to bolster the B & H Petition. Dieter agrees that the owner of an incontestable mark must still prove its case for infringement, including likelihood of confusion. As found by this court of appeals, that is precisely what Dieter did.

Finally, the attempt by B & H to challenge the incontestable status of Dieter's mark is best characterized as "too little, too late." This issue was not raised in the district court. It was not raised on appeal to the Eleventh

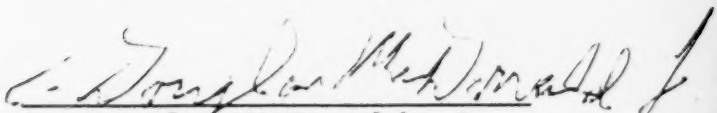
Circuit. Both courts held Dieter's "SHUTTERWORLD" mark to be incontestable. A51 and A7.

CONCLUSION

For the reasons set forth above, Dieter requests the Court to deny the writ. Alternatively, Dieter requests the Court, pursuant to its Rules, to affirm the decision of the court of appeals.

Respectfully submitted,

PETTIS & McDONALD, P.A.
Post Office Box 1528
Tampa, Florida 33601
(813) 229-8176

By: 
C. Douglas McDonald, Jr.
Attorney for Respondents

No. 89-1193

Supreme Court, U.S.
FILED
APR 17 1990
JOSEPH F. SPANIOL, JR.
CLERK

In The

Supreme Court of the United States

October Term, 1989

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.

Petitioner,

V.

RICHARD A. DIETER et al.,

Respondents.

PETITIONER'S REPLY TO THE NEW ISSUE RAISED BY RESPONDENT'S OPPOSITION TO THE PETITION

Merrill N. Johnson
800 Harbour Drive
Naples, Florida 33940
(813) 262-8502

Attorney for Petitioner

BEST AVAILABLE COPY

No. 89-1193

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1989

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.

Petitioner

v.

RICHARD A. DIETER et al.

Respondents.

STATEMENT PURSUANT TO RULE 29.1

Petitioner B & H Industries of Southwest Florida, Inc. ("B & H") has no parent or subsidiary company.

SUMMARY OF ARGUMENT

In respondent's brief in Opposition to Petition for a Writ of Certiorari to the United States Court of Appeals for the

Eleventh Circuit ("Opposition"), respondents Richard A. Dieter and Dieter General Contractor, Inc. ("Dieter") make the illogical argument that because B & H failed to notify the District Court to include the trial exhibits in the record on appeal, the record before the Court of Appeals was ipso facto made proper and complete.

The argument is unpersuasive for two reasons: first, B & H had no duty to notify the District Court clerk to transmit the trial exhibits; and second, it is well established that an appellate court has no authority to reverse a district court's findings of fact without first reviewing the entire record on appeal. In this case it is undisputed that the Court of Appeals did not have the entire record on appeal as required by Fed. R. App. P. 10(a).

ARGUMENT

Dieter contends that the Eleventh Circuit's Internal Operating Procedure under its Rule 11-3 ("I.O.P.") (Opposition, p. 5) places an obligation on B & H to notify the District Court clerk of any exhibits to be transmitted to the Court of Appeals. (Opposition, pp. 10, 14-15)

However, the I.O.P. places no such obligation on either petitioner-appellee or respondent-appellant. The I.O.P. (Opposition, p. 5) deals with a situation where documents or exhibits were not filed with the district court clerk. In this case petitioner and respondent knew the clerk had possession of all the trial exhibits as stated in the Petition on pp. 23-25. Furthermore, Rule 11-3, Eleventh Circuit Court of Appeals (Appendix A84), provides that it is the District Court clerk who is responsible for transmitting a complete record to the Court of Appeals.

Regardless of who was responsible, the fact remains that the trial exhibits remained in the vault of the District Court in Tampa and the Court of Appeals never saw the trial exhibits. (Petition, pp. 32-34). It is not disputed that under Rule 10(a) (Appendix, A81) the record on appeal must include the trial exhibits to be complete. Nothing in the Eleventh Circuit Rules or its I.O.P. alters Rule 10(a)'s requirements for a proper and complete record on appeal.

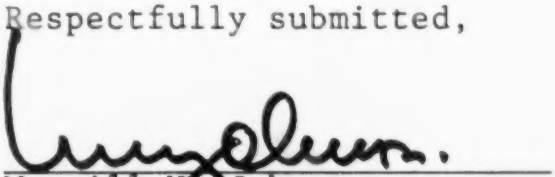
This Court has repeatedly stated that under Rule 52(a), an appellate court can reverse district court findings of fact as "clearly erroneous" only upon a review of the entire evidence. United States v. United States Gypsum Co., 333 U.S. 364, 395 (1948); Zenith Radio Corp. v. Hazeltine Research Inc., 395 U.S. 100, 123 (1968); Anderson v. City of Bessemer City, North Carolina, 470 U.S. 564, 573-74 (1985). Despite its assertions to the contrary (Appendix, A6, A9 and A12), the Panel did not review the entire record.

Finally, contrary to Dieter's assertion that the Petition does not identify even one trial exhibit the presence of which would show error on the part of the Panel (Opposition, p. 15), B & H's Petition discusses that very point on pages 45 and 59-60.

CONCLUSION

B & H submits that the Petition, the Opposition and this Reply have thoroughly presented all of the issues and, accordingly, the case is appropriate for summary disposition on the merits under this Court's Rule 16.1. Alternatively, B & H requests the Court to grant the writ and order the case to stand for briefing and oral argument pursuant to this Court's Rule 16.2.

Respectfully submitted,



Merrill N. Johnson
800 Harbour Drive
Naples, Florida 33940
(813) 262-8502
Attorney for Petitioner

FILED
AUG 30 1990
JOSEPH F. SPANIOL, JR.
CLERK

No. 89-1193

In the Supreme Court of the United States

OCTOBER TERM, 1990

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.,
PETITIONER

v.

RICHARD A. DIETER, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

KENNETH W. STARR
Solicitor General

STUART M. GERSON
Assistant Attorney General

JOHN G. ROBERTS, JR.
Deputy Solicitor General

MICHAEL R. LAZERWITZ
Assistant to the Solicitor General

BARBARA C. BIDDLE
FRANK A. ROSENFELD
Attorneys
Department of Justice
Washington, D.C. 20530
(202) 514-2217

BEST AVAILABLE COPY

QUESTIONS PRESENTED

1. Whether the court of appeals exceeded its authority by reversing the district court's findings of fact as clearly erroneous without first reviewing all of the trial exhibits.

2. Whether the court of appeals correctly held that, in determining the likelihood of confusion between marks in an infringement action under the Trademark Act of 1946 (Lanham Act), 15 U.S.C. 1051 *et seq.*, an "incontestable" trademark is presumed to have at least the strength of a descriptive mark with secondary meaning.

TABLE OF CONTENTS

	Page
Statement	1
Discussion	10
Conclusion	17

TABLE OF AUTHORITIES

Cases:

Abercrombie & Fitch Co. v. *Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976)	2
Beer Nuts, Inc. v. *Clover Club Foods Co.*, 805 F.2d 920 (10th Cir. 1986)	12
Freedom Sav. & Loan Ass'n v. *Way*, 757 F.2d 1176 (11th Cir.), cert. denied, 474 U.S. 845 (1985)	4
Frisch's Restaurants, Inc. v. *Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642 (6th Cir.), cert. denied, 459 U.S. 916 (1982)	4
M-F-G Corp. v. *EMRA Corp.*:	
626 F. Supp. 699 (N.D. Ill. 1985)	17
817 F.2d 410 (7th Cir. 1987)	17
Miss World (UK) Ltd. v. *Mrs. America Pageants, Inc.*, 856 F.2d 1445 (9th Cir. 1988)	14, 15
Munters Corp. v. *Matsui America, Inc.*, No. 89-3553 (7th Cir. Aug. 2, 1990)	16, 17
Oreck Corp. v. *U.S. Floor Systems, Inc.*, 803 F.2d 166 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987)	15-16
Park 'N Fly, Inc. v. *Dollar Park and Fly, Inc.*:	
469 U.S. 189 (1985)	2, 4, 5, 8, 13
782 F.2d 1508 (9th Cir. 1986)	15
Vision Center v. *Opticks, Inc.*, 596 F.2d 111 (5th Cir. 1979), cert. denied, 444 U.S. 1016 (1980)	3
Volkswagenwerk Aktiengesellschaft v. *Rickard*, 492 F.2d 474 (5th Cir. 1974)	3
Wynn Oil Co. v. *Thomas*, 839 F.2d 1183 (6th Cir. 1988)	15

Statutes and rules: Page

Trademark (Lanham) Act of 1946, 15 U.S.C. 1051 *et seq.* 1, 17-18
15 U.S.C. 1052 1
15 U.S.C. 1052(e) 2
15 U.S.C. 1052(f) 2
15 U.S.C. 1058 6
15 U.S.C. 1058(a) 4, 5, 12
15 U.S.C. 1058(a) (1982) 4, 5
15 U.S.C. 1058(b) (1982) 4
15 U.S.C. 1062(a) 7
15 U.S.C. 1064(c) (Supp. V 1987) 2
15 U.S.C. 1065 (§ 15) 4, 6
15 U.S.C. 1114 (§ 32) 7
15 U.S.C. 1114(1) 2
15 U.S.C. 1114(1)(a) 2
15 U.S.C. 1115(b) 5, 8, 13
15 U.S.C. 1116 2
15 U.S.C. 1125(a) (§ 43(a)) 7
Trademark Law Revision Act of 1988, Pub. L. No. 100-667, Tit. I, 102 Stat. 3935:
§ 110, 102 Stat. 3939 4
§ 128(b), 102 Stat. 3944-3945 14
§ 136, 102 Stat. 3948 14
Fed. R. App. P.:
Rule 10(a) 11
Rule 11(b) 11
Fed. R. Civ. P. 52(a) 9
11th Cir. R. 11-3 11

Miscellaneous:

3A L. Altman, *Callmann Unfair Competition Trademarks and Monopolies* (4th ed. 1983) 3
1 J. McCarthy, *Trademarks and Unfair Competition* (2d ed. 1984) 2, 3

In the Supreme Court of the United States

OCTOBER TERM, 1990

No. 89-1193

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC., PETITIONER

v.

RICHARD A. DIETER, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This submission responds to the Court's invitation to the Solicitor General to file a brief expressing the views of the United States.

STATEMENT

1. Under the Trademark Act of 1946 (Lanham Act), 15 U.S.C. 1051 *et seq.*, a party may register a trademark with the Patent and Trademark Office (PTO) in order to obtain federal trademark protection. The PTO may deny registration on any of a number of grounds, none of which is relevant here. 15 U.S.C. 1052. Once a party registers its trademark, it may bring an infringement action for mone-

tary and injunctive relief against other users of the mark. 15 U.S.C. 1114(1), 1116. In order to prevail in such an action, the trademark owner must first establish that its trademark is valid, see *Park 'N Fly, Inc.* v. *Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985), and must then show that the alleged infringer's use of the mark "is likely to cause confusion, or to cause mistake, or to deceive * * *," 15 U.S.C. 1114(1)(a).

a. A trademark's "strength" is the principal factor in determining whether it is valid. Under the Lanham Act, potential trademarks generally fall into four categories of increasing strength along a spectrum: generic, descriptive, suggestive, and arbitrary or fanciful. See generally 1 J. McCarthy, *Trademarks and Unfair Competition* § 11:1, at 433-434 (2d ed. 1984); see also *Abercrombie & Fitch Co.* v. *Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976) (Friendly, J.). The weakest is a "generic" term, *i.e.*, "the common descriptive name of an article or substance * * *." 15 U.S.C. 1064(c) (Supp. V 1987). As this Court has noted, "[g]eneric terms are not registrable, and a registered mark may be canceled at any time on the grounds that it has become generic." *Park 'N Fly*, 469 U.S. at 194.

A stronger trademark is a "descriptive" mark. Although an applicant generally may not register a mark that "is merely descriptive" of its goods, 15 U.S.C. 1052(e), it may do so if that mark "has become distinctive of the applicant's goods in commerce," 15 U.S.C. 1052(f), *i.e.*, if the mark "has acquired secondary meaning" in the relevant market. *Park 'N Fly*, 469 U.S. at 194. Thus, even though a term may describe a characteristic of the product,

that term "may by long use in connection with a particular product * * * come to be known by the public as specifically designating that product." *Volkswagenwerk Aktiengesellschaft* v. *Rickard*, 492 F.2d 474, 477 (5th Cir. 1974).

An even stronger trademark along the spectrum is a "suggestive" mark, that is, a term that "requires an effort of the imagination by the consumer in order to be understood as descriptive." *Vision Center* v. *Opticks, Inc.*, 596 F.2d 111, 115-116 (5th Cir. 1979), cert. denied, 444 U.S. 1016 (1980). Finally, the strongest type of trademark is a "fanciful" or "arbitrary" mark. As one commentator has explained, " '[f]anciful' marks consist of 'coined' words which have been invented for the sole purpose of functioning as a trademark." 1 J. McCarthy, *supra*, § 11:3, at 436; *e.g.*, "KODAK." "Arbitrary" marks, on the other hand, "comprise those words, symbols, pictures, etc., which are in common linguistic use but which, when used with the goods or services in issue, neither suggest nor describe any ingredient, quality or characteristic of those goods or services." 1 J. McCarthy, *supra*, § 11:4, at 439; *e.g.*, "Apple" computers.

b. In determining whether an alleged infringer's use of a mark "is likely to cause confusion" in the marketplace with goods identified by an otherwise validly registered trademark, federal courts have developed various multi-factor approaches, all of which are similar in operation, if not in precise terms. See generally 3A L. Altman, *Callmann Unfair Competition Trademarks and Monopolies* § 20.62, at 507-516 (4th ed. 1983). The Eleventh Circuit, for example, uses a representative analysis by considering the

> (1) type of mark [*i.e.*, its strength], (2) similarity of mark[s], (3) similarity of the prod-

> ucts the marks represent, (4) similarity of the parties' retail outlets and customers, (5) similarity of advertising media used, (6) defendant's intent[,] and (7) actual confusion.

Pet. App. A7; see *Freedom Sav. & Loan Ass'n* v. *Way*, 757 F.2d 1176, 1182 (11th Cir.), cert. denied, 474 U.S. 845 (1985); see also *Frisch's Restaurants, Inc.* v. *Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir.), cert. denied, 459 U.S. 916 (1982).

c. As this Court recognized in *Park 'N Fly*, 469 U.S. at 193-197, a trademark's "incontestability" under Section 15 of the Lanham Act, 15 U.S.C. 1065, may be relevant to resolving an infringement action. A trademark may become "incontestable" under 15 U.S.C. 1065 five years after registration.[1] Incon-

---

[1] In order to obtain that status, the owner must file an affidavit with the PTO stating "that the mark had been registered and in continuous use for five consecutive years, that there had been no final adverse decision to [the owner's] claim of ownership or right to registration, and that no proceedings involving such rights [are] pending." *Park 'N Fly*, 469 U.S. at 191-192. For the period at issue here, the Lanham Act also required the owner to file an affidavit between the fifth and sixth anniversaries of the registration "showing that said mark is in use in commerce or showing that its nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark." 15 U.S.C. 1058(a) (1982). If no such affidavit were filed, the Commissioner of the PTO would cancel the registration at the end of six years rather than allow it to remain in force for the full 20-year term. 15 U.S.C. 1058(b).

Congress amended the statute in 1988. See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, Tit. I, § 110, 102 Stat. 3939. Under the current statute, the term of a trademark registration is ten years. 15 U.S.C. 1058(a).

testable status is "conclusive evidence of the * * * registrant's * * * exclusive right to use the registered mark," subject to certain enumerated defenses. 15 U.S.C. 1115(b). And in *Park 'N Fly*, this Court expressly held that "the holder of a registered mark may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is merely descriptive." 469 U.S. at 205.[2]

2. Respondent Richard A. Dieter, the sole shareholder of respondent Richard A. Dieter General Contractor, Inc., a Florida corporation (collectively respondent), operates a retail business in the Tampa Bay area under the name "Shutterworld." Respondent "assembles, distributes and deals in various types of shutters, including pre-hung wooden shutter assemblies." Pet. App. A-24-A25. In 1976, respondent applied for federal trademark registration of the name "Shutterworld," the mark consisting of "the name in script form, superimposed on a large letter 'O.'" *Id.* at A3, A25; see id. at A77.[3] In 1983, re-

---

Moreover, the owner must file between the fifth and sixth anniversaries of the registration an affidavit

> setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark.

15 U.S.C. 1058(a).

[2] In so holding, the Court rejected the distinction drawn between "defensive" use of incontestability, *i.e.*, to ward off an attempt to cancel the registration, and "offensive" use, to enjoin infringement. *Park 'N Fly*, 469 U.S. at 203-205.

[3] Respondent did not register its mark under Florida law. Pet. App. A3.

spondent filed the requisite affidavit for incontestability under 15 U.S.C. 1058 and 1065, stating "that the registered mark had been in continuous use in interstate commerce since April 5, 1977 for 'prehung wooden shutter assemblies,' and that the mark was still so used." Pet. App. A3, A26. The record further showed that the

> wooden shutters which [respondent] manufactures are labelled with its registered trademark, which is burned into the wood. Those shutters sold but not manufactured by [respondent] are labelled with small silver stickers marked with the name "Shutter-World" in plain block letters, hyphenated.

Id. at A2; see *id.* at A29-A31.

Petitioner B & H Industries of Southwest Florida, Inc., is based in Fort Myers, Florida, about 120 miles south of the Tampa Bay area. Petitioner sells " 'insulated roll-down security shutters,' which are designed for exterior use as protection against weather and intruders." Pet. App. A3-A4. Petitioner "does not maintain its own storefront." *Id.* at A38. The firm instead sells its products through "several independent 'home improvement centers.' " *Ibid.* In February 1984, petitioner obtained Florida registration for the phrase "Shutterworld, a name you can rely on" and an accompanying design. *Id.* at A35-A36. The registered mark included the name "Shutterworld" written in block capital letters simulating a neon sign, with the letter "O" enlarged and the script letters "SW" inside the "O." *Id.* at A4, A35-A36, A77.

In 1986, petitioner sought federal trademark registration of its "Shutterworld" name and logo.[4] The PTO, however, initially rejected petitioner's application "because of the likelihood of confusion with [respondent's] registered mark." Pet. App. A37; see *id.* at A4. Petitioner amended its application and submitted "an affidavit and pictorial evidence to support its claim that there was a lack of confusion between its mark and [respondent's]." *Id.* at A37. The PTO thereafter published petitioner's mark. *ibid.*; see 15 U.S.C. 1062(a).

3. As a result of this publication, respondent filed an action against petitioner in the United States District Court for the Middle District of Florida, alleging that petitioner had infringed its registered trademark in violation of Section 32 and 43(a) of the Lanham Act, 15 U.S.C. 1114 and 1125(a).[5] Respondent sought monetary and injunctive relief. Pet. App. A4-A5, A23-A24.

After a bench trial, the district court held that petitioner had not infringed respondent's trademark and therefore denied relief. Pet. App. A22-A77. Turning first to the validity of respondent's trademark, the court found that that mark "has become incontestable." *Id.* at A51. Accordingly, "[t]he validity of the mark is not in dispute, and [respondent] may prevent the use of any mark that has been used

---

[4] In its application, petitioner substituted the phrase "the roll shutter leader" for the original logo phrase "a name you can rely on." Pet. App. A36.

[5] Respondent also alleged claims under Florida law. Pet. App. A5, A24. The district court denied relief, *id.* at A72-A73, but the court of appeals reversed and remanded for further proceedings, *id.* at A19. Petitioner has not sought further review of that aspect of the court of appeals' judgment.

in such a way as to create a likelihood of confusion with the use of the mark as registered." *Id.* at A51-A52 (citing *Park 'N Fly*, 469 U.S. at 205).[6]

The court next considered whether the competing trademarks "create a likelihood of confusion," Pet. App. A55, using the multi-factor approach followed in the Eleventh Circuit, see pp. 3-4, *supra*. The court recognized that "[o]ne of the most critical factors in the analysis concerns the type of mark at issue." Pet. App. A56. With respect to that inquiry, the court stated that

> [t]he fact that [respondent's] mark is incontestable does not prevent the Court from assessing its strength * * *. The mark is presumed not to be merely descriptive when it comes to the question of validity. However, this does not establish the mark's status for purposes of determining the likelihood of confusion issue.

Id. at A56 n.7. After reviewing the record, the court found that the term "Shutterworld" was "best characterized as descriptive," *id.* at A60, and that respondent had "failed to show the existence of secondary meaning for its mark," *id.* at A61. Consequently, the court determined that respondent's mark was weak. *Id.* at A70.

After considering other pertinent factors, including evidence that petitioner had acted in good faith, Pet. App. A67, and that there was "no solid, credible evidence that any potential customer had mistaken

---

[6] The court rejected petitioner's contention that respondent had "abandoned" use of its mark, one of the enumerated statutory defenses to incontestability under 15 U.S.C. 1115(b). Pet. App. A52-A55. Petitioner does not appear to have pressed that claim before the court of appeals and has not raised it in this Court.

[petitioner's] business for [respondent's]," *id.* at A68, the court concluded that there was "no likelihood of confusion," *id.* at A69. In so concluding, the court emphasized that "[c]hief among the factors that [it found] significant [were] the weakness of [respondent's] mark, and the lack of proof of actual confusion on the part of customers." *Id.* at A70.

4. The court of appeals reversed and remanded for further proceedings. Pet. App. A1-A21. At the outset, the court of appeals applied the "clearly erroneous standard" in reviewing the district court's factual findings regarding the likelihood of confusion between the competing trademarks. *Id.* at A6 & n.2 (citing Fed. R. Civ. P. 52(a)). After reviewing the record, including "the exhibits introduced at the trial of the case," the court of appeals had "the definite conviction that the trial court committed a mistake by finding no likelihood of confusion." Pet. App. A6. The court pointed to the record evidence that the parties pursued similar retail and advertising strategies within a small geographic area—evidence deemed not significant by the district court—to conclude, "[a]fter considering all of the facts, * * * that there is a substantial likelihood of confusion." *Id.* at A12; see *id.* at A10-A12.

In addition, the court of appeals concluded that the district court had erroneously treated respondent's mark as "merely descriptive" for purposes of determining likelihood of confusion without first taking account its "incontestability." Pet. App. A18. The court held that

> incontestable status is a factor to be taken into consideration in likelihood of confusion analysis. Because [respondent's] mark is incontestable, then it is presumed to be at least descrip-

tive with secondary meaning, and therefore a relatively strong mark.

Id. at A18-A19.[7]

DISCUSSION

Petitioner mounts two challenges to the court of appeals' decision: first, that the court exceeded its authority by reversing findings of fact as clearly erroneous without first reviewing all of the trial exhibits, and second, that the court accorded an incontestable mark undeserved strength in the context of an infringement action. In our view, petitioner's first challenge—on the record presented—is not sufficiently substantial to warrant this Court's review. On the other hand, the courts of appeals are divided over the relative strength to be accorded incontestable marks in determining likelihood of confusion in an infringement action. That lack of uniform treatment under the Lanham Act merits this Court's review. Accordingly, the petition should be granted limited to the second issue presented.

1. Petitioner first contends (Pet. 31-45; Reply Br. 3-5) that the court of appeals exceeded its authority by reversing the district court's findings of fact as clearly erroneous without first reviewing all of the trial exhibits. Assuming that the court of appeals did not review the exhibits,[8] and that petitioner was

---

[7] The court of appeals noted that it agreed with the district court's finding that respondent "had not established a secondary meaning for the 'Shutterworld' mark." Pet. App. A9. In light of its holding regarding incontestability, however, the court concluded that that finding was irrelevant. *Ibid.*

[8] The court of appeals twice stated that it had reviewed the "exhibits introduced at the trial of the case." Pet. App. A6; *id.* at A12. Petitioner, citing statements from deputy clerks in the district court and court of appeals that the trial ex-

not responsible for the lapse,[9] that circumstance would not undermine the court of appeals' judgment.

As a matter of sound practice, a reviewing court should have before it those parts of the record that are pertinent to the issues under review. That proposition is, of course, the driving force behind Fed. R. App. P. 10(a) and 11(b). This case, however, does not present an occasion to address departures from that routine practice. Despite respondent's invitation, Br. in Opp. 15-16, petitioner has been unable to identify a single trial exhibit that arguably could have affected the court of appeals' analysis.[10] That is not

---

hibits were never transmitted to the court of appeals in Atlanta, see Pet. 32-34, essentially accuses the court of appeals of misrepresenting that fact—an accusation respondent does not dispute head-on. Br. in Opp. 13-16. The fact that the exhibits were not transmitted to the courthouse in Atlanta, however, would not have prevented the court of appeals from reviewing them. It is conceivable that members of the panel may have reviewed those exhibits at the federal court in Tampa. (The chambers of one member of the panel are in St. Petersburg.) Or the court may have been referring to the competing trademarks themselves, which were reproduced in appendices to the district court opinion, see Pet. App. A77.

[9] Under Fed. R. App. P. 10(a) and 11(b), the clerk of the district court is generally responsible for assembling and transmitting the record, *i.e.*, the original papers, exhibits, and transcript of proceedings filed with the court, to the clerk of the court of appeals. Under 11th Cir. R. 11-3, however, "[e]xhibits of unusual bulk or weight * * * shall not be transmitted by the clerk of the district court until and unless directed to do so by the clerk of the court of appeals or by a party." It is unclear from petitioner's description of the trial exhibits whether any of them fell under the terms of the court of appeals' local rule. See Pet. 24-25.

[10] In passing, petitioner has referred to "trial exhibits [that] evidenced and reinforced the District Court's conclu-

surprising, since the court of appeals' disagreement with the district court's findings concerned the weight to be accorded straightforward aspects of the record, namely, the fact that petitioner and respondent pursued similar retail and advertising strategies within a small geographic area. Pet. App. A10-A12. In these circumstances, there is no reason to question the court of appeals' analysis, notwithstanding its alleged failure to review all the trial exhibits.

2. Petitioner also contends (Pet. 46-59) that the court of appeals erred in according incontestable marks undeserved strength in the context of infringement actions. At the outset, petitioner overstates the breadth of the decision below by asserting that the court of appeals "creat[ed] a presumption that [an] incontestable mark is strong and thus entitled to broad protection." Pet. 58. To the contrary, the court held only that an incontestable mark, for purposes of determining likelihood of confusion in an infringement action, is presumed to have the strength of a descriptive mark with secondary meaning—middling strength along the spectrum. Pet. App. A18-A19; see *Beer Nuts, Inc.* v. *Clover Club Foods Co.*, 805 F.2d 920, 924 (10th Cir. 1986). In other words, the court of appeals' holding precludes treating an incontestable mark as effectively unregistra-

---

sions as to the marketing strategies and separate geographic trading areas of the parties." Pet. 45; see Reply Br. 5. That oblique citation, without more, should not call the court of appeals' analysis into question. Petitioner also refers to the trial exhibit consisting of respondent's allegedly defective affidavit filed with the PTO in 1983. Pet. 59-60. An issue regarding respondent's compliance with 15 U.S.C. 1058(a), see note 1, *supra*, was neither raised in nor decided by the courts below. See Br. in Opp. 27-28. For that reason, it is immaterial whether the court of appeals reviewed that document.

ble and among the weakest levels of strength—*i.e.*, descriptive without secondary meaning. See pp. 2-3, *supra*. At the same time, the court's decision does not preordain the outcome of an infringement action. The owner must still prevail under a multi-factor analysis, only one factor of which involves the mark's relative strength.

To be sure, as petitioner suggests (Pet. 47, 49), this Court's decision in *Park 'N Fly* does not dictate the presumption of relative strength adopted by the court of appeals. Nonetheless, such a presumption is necessary if that decision is to retain its practical significance. Suppose there were no such presumption. The owner of an incontestable mark, under *Park 'N Fly*, would defeat its competitor's claim that the mark was invalid, even if the competitor showed that the mark lacked secondary meaning. But when that owner reached the second part of the infringement analysis—likelihood of confusion—it would not likely prevail in the face of having such a decidedly "weak" mark. This state of affairs would restore indirectly what this Court in *Park 'N Fly* explicitly rejected—the distinction drawn between "defensive" use of incontestability, *i.e.*, to ward off an attempt to cancel the registration, and "offensive" use, to enjoin infringement. 469 U.S. at 203-205. If the fact of incontestability is to have practical significance—and this Court's decision in *Park 'N Fly* plainly shows that it is—then the presumption of at least the strength of a descriptive mark with secondary meaning follows from incontestability.[11]

---

[11] Petitioner also contends (Pet. 55-59) that Congress's recent amendment of 15 U.S.C. 1115(b) undermines the validity of the court of appeals' decision. That amendment provides that incontestability "shall be conclusive evidence of * * * the

3. Finally, petitioner contends (Pet. 51-55) that the courts of appeals are divided over the relative strength to be accorded incontestable marks in determining likelihood of confusion in an infringement action. There is tension among the decisions addressing that issue in the wake of *Park 'N Fly*, with courts according incontestable marks differing levels of presumptive strength. Moreover, in a recent decision issued after this petition was filed, the Seventh Circuit adopted a rule that directly conflicts with the decision below. Although it is not clear whether those inconsistencies have substantial practical significance given the multi-factor analyses used by all circuits to resolve the ultimate issue of likelihood of confusion in infringement actions, we agree with petitioner that the resulting lack of uniform treatment under the Lanham Act does merit this Court's review.

The Ninth Circuit, for example, appears to follow the approach adopted by the decision below. In *Miss World (UK) Ltd.* v. *Mrs. America Pageants, Inc.*, 856 F.2d 1445, 1448 n.4 (1988), the court of appeals stated in passing that "[i]ncontestable marks are conclusively presumed to have secondary meaning," without drawing a distinction between that presump-

---

right to use the registered mark * * * subject to proof of infringement." Trademark Law Revision Act of 1988, Pub. L. No. 100-667, Tit. I, § 128(b), 102 Stat. 3944-3945. The presumption adopted by the court of appeals is consistent with that amendment since it does not at all excuse the owner of an incontestable mark from meeting its burden of proving infringement. In any event, this case does not present an occasion to consider the amendment's relevance since it became effective only after the court of appeals issued its decision. See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, Tit. I, § 136, 102 Stat. 3948 (effective date of Nov. 16, 1989).

tion's effect in establishing trademark validity and showing likelihood of confusion. The court, however, proceeded to review the mark's actual strength and concluded that it was "relatively weak." *Id.* at 1450. Like the decision below, the *Miss World* case shows that the presumption accorded incontestable marks may have only marginal weight in the ultimate likelihood of confusion analysis, and scarcely gives the owner—who reasonably expects *some* benefit from having an "incontestable" mark—an undue advantage.[12]

On the other hand, the Sixth Circuit has accorded an incontestable mark an even greater presumptive strength than that given by the court of appeals here. In *Wynn Oil Co.* v. *Thomas*, 839 F.2d 1183, 1187 (1988), the court of appeals concluded that "while the strength of plaintiffs' mark will still be at issue in cases involving contestible [*sic*] marks, once a mark has been registered for five years, the mark must be considered strong and worthy of full protection." That factor, however, did not appear to assume great weight in the court's ultimate multifactor analysis regarding likelihood of confusion. In so ruling, the court made plain that "[t]he closely related nature of the products and the similarity of the marks make it highly probable" that there was "a clear likelihood of confusion." *Id.* at 1189.

The Fifth Circuit has not yet squarely resolved the issue presented for review. In *Oreck Corp.* v. *U.S. Floor Systems, Inc.*, 803 F.2d 166 (1986), cert.

---

[12] See also *Park 'N Fly, Inc.* v. *Dollar Park and Fly, Inc.*, 782 F.2d 1508, 1509 (9th Cir. 1986) (Kennedy, J.) (on remand from *Park 'N Fly*, court mentions strength of incontestable mark in passing and concludes, based on other factors, that "the evidence was more than sufficient to support a finding of likelihood of confusion").

denied, 481 U.S. 1069 (1987), the Fifth Circuit concluded that the incontestable status of the owner's mark does not prevent an "attack * * * on grounds of descriptiveness" where the challenge "was not that [plaintiff's] mark was invalid, but that it was not *infringed* because there was no confusion." 803 F.2d at 171. As the court remarked, "[i]ncontestable status does not make a weak mark strong." *Ibid.* In the context of that case, the court's use of the term "descriptiveness" is not clear. The court had already determined that plaintiff's mark, although "appear-[ing] [to be] arbitrary or fanciful, [was] in actual usage * * * suggestive of a number of possible meanings." *Id.* at 170. The court may thus have had no occasion to reach the issue resolved by the decision below, *i.e.*, that an incontestable mark is presumed to be descriptive with secondary meaning. By definition, a "suggestive" mark has at least such strength.

On the other hand, the court expressly concluded that the incontestable mark at issue "was not so evocative or unique as to deserve the broad measure of protection that would be required in order to prohibit [the defendant's] limited use of it." 803 F.2d at 171. Since the court presumably treated the mark as valid, it may well have treated it as being merely descriptive with secondary meaning—a result consistent with the decision below.

Finally, the Seventh Circuit recently held, contrary to the decision below, that "an incontestable mark can[] be challenged on the grounds that it is merely descriptive." *Munters Corp.* v. *Matsui America, Inc.*, No. 89-3553 (Aug. 2, 1990), slip op. 4. In so holding, the court stated that *Park 'N Fly* "does not preclude consideration of a mark's strength for purposes of determining the likelihood of confusion." *Ibid.*

The Seventh Circuit's *Munters* decision thus conflicts squarely with the decision below.[13]

In our view, the court of appeals here correctly held that, for purposes of determining likelihood of confusion, an incontestable trademark is presumed to have a certain minimum strength. That presumption is consistent with the Lanham Act and the rationale of this Court's decision in *Park 'N Fly*. Nonetheless, since the presumptive level of strength accorded incontestable trademarks is an issue that has divided the courts of appeals, and could account for differences among lower court dispositions of infringement actions, further review of that issue now is appropriate.

CONCLUSION

The petition for a writ of certiorari should be granted limited to the second issue presented, namely, whether in determining the likelihood of confusion between marks in an infringement action under the Trademark Act of 1946 (Lanham Act), 15 U.S.C.

---

[13] Contrary to petitioner's assertion (Pet. 52-53), the decision below does not necessarily conflict with an earlier Seventh Circuit decision. In *M-F-G Corp.* v. *EMRA Corp.*, 626 F. Supp. 699, 702, 703 (N.D. Ill. 1985), the district court had held that plaintiff's " 'SUPERCUT' trademark [was] merely descriptive," rejecting its contention that "the incontestable status of [that] mark renders it distinctive as a matter of law" for purposes of promoting goods and services other than the use of scissors. On appeal, however, the defendant conceded that its use of the mark on scissors infringed plaintiff's trademark and thus the Seventh Circuit held only that "[i]ncontestability does not help [plaintiff's infringement action with respect other goods and services, because] SUPERCUT is incontestable only for shears." *M-F-G Corp.* v. *EMRA Corp.*, 817 F.2d 410, 411 (1987). The court of appeals thus affirmed the district court's judgment without having to address the issue petitioner presents for review here.

1051 *et seq.*, an "incontestable" trademark is presumed to have at least the strength of a descriptive mark with secondary meaning.

Respectfully submitted.

KENNETH W. STARR
Solicitor General

STUART M. GERSON
Assistant Attorney General

JOHN G. ROBERTS, JR.
Deputy Solicitor General

MICHAEL R. LAZERWITZ
Assistant to the Solicitor General

BARBARA C. BIDDLE
FRANK A. ROSENFELD
Attorneys

AUGUST 1990

☆ U. S. GOVERNMENT PRINTING OFFICE: 1990 262203 20089

No. 89-1193

Supreme Court, U.S.
FILED
SEP 12 1990
JOSEPH F. SPANIOL, JR.
CLERK

In The

Supreme Court of the United States

October Term, 1990

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.

Petitioner,

V.

RICHARD A. DIETER et al.,

Respondents

PETITIONER'S REPLY TO THE NEW ISSUES RAISED BY THE BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

Merrill N. Johnson
800 Harbour Drive
Naples, Florida 33940
(813) 262-8502

Attorney for Petitioner

BEST AVAILABLE COPY

TABLE OF CONTENTS

		Page
Table of Authorities		ii
Statutes and Rules		iii
Other Authorities		iv
I.	Summary of the Argument	1
II.	The Panel's Reversal of Fact Findings Without Having Reviewed The Trial Exhibits Warrants Review	2
III.	Creating An Entirely New Evidentiary Presumption Would Result in an Unwarranted and Dangerous Judicial Amendment of the Federal Trademark Statute	4
	A. The Issues of Validity and Protectibility are Separate and Distinct	7
	B. The Proposed Judicial Amendment Is Unrealistic	13
IV.	Conclusion	16

TABLE OF AUTHORITIES

Case	Page(s)
Cullman Ventures, Inc. v. Columbian Art Works, Inc., 13 U.S.P.Q. 2d 1257 (S.D.N.Y. 1989).....	6
Keds Corp. v. Renee Int'l Trading Corp., 888 F.2d 215 (1st Cir. 1989).....	6
Munters Corp. v. Matsui Am., Inc., 730 F. Supp. 790 (N.D. Ill. 1989), aff'd, 909 F.2d 250 (7th Cir. 1990)..	6
Oreck Corp. v. U.S. Floor Systems, Inc., 803 F.2d 166 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987)....	12
Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985).....	1-15
Plus Products v. Plus Discount Foods, Inc., 722 F.2d 999 (2nd Cir. 1983).....	10
20th Century Wear, Inc. v. Sanmark-Stardust, Inc., 747 F.2d 81 (2d Cir. 1989), cert. denied, 470 U.S. 1052 (1985).....	13-14

STATUTES AND RULES

	Page(s)
15 U.S.C. § 1051 et. seq.	1
15 U.S.C. § 1115	14
15 U.S.C. § 1064	14
Fed. R. App. P. 10(e).....	3
Sup. Ct. Rule 10.1(a)	4
Sup. Ct. Rule 16.1	17
Sup. Ct. Rule 16.2	17

OTHER AUTHORITIES

	Page(s)
1 J. Gilson, Trademark Protection and Practice, §§ 2.01, 2.09 [2] (1990).....	10,11
Lanham Trademark Act: Hearing on S. 895 Before a Subcommittee of the Senate Committee on Patents, 77th Cong., 2nd Sess. 15 (1942) as reported in 3 J. Gilson, Trademark Protection and Practice, § 15 (1990).....	8
Lanham Trademark Act: Hearing on S. 895 Before a Subcommittee of the Senate Committee on Patents, 78th Cong., 2nd Sess. 112, 114 (1942) as reported in 3 J. Gilson, Trademark Protection and Practice, § 2 (1990)..	8

I. SUMMARY OF THE ARGUMENT

Petitioner concurs with the Solicitor General that certiorari should be granted. However, if the Solicitor General's proposal, based upon his analysis of trademark law and this Court's decision in Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985) ("Park 'N Fly"), were adopted by this Court, it would result in an unwarranted and dangerous de facto amendment of the Federal Trademark Statute, 15 U.S.C. §§ 1051 et. seq. ("The Lanham Act").

In addition, Petitioner urges this Court to review all questions presented in the Petition for Certiorari ("Petition"), as this case presents an important issue of appellate practice which should be reviewed.

II. THE PANEL'S REVERSAL OF FACT FINDINGS WITHOUT HAVING REVIEWED THE TRIAL EXHIBITS WARRANTS REVIEW

There is no question that the Court of Appeals' ("the Panel") record did not include the 38 trial exhibits relied upon by the District Court. (Appendix, p. A22-A77). Rather, the Solicitor General contends that this issue does not merit review without proof of specific harm to Petitioner. There is no basis for placing such a burden on Petitioner.[1] Petitioner simply was not

[1]How could Petitioner possibly meet such a burden? One can only guess what the Panel would have done if it had had the exhibits. But, without the review to which it was entitled, Petitioner now faces a possible retrial of the issues determined by the District Court (based on the entire record), a determination upon which it has relied in continuing to use and invest in a trademark the District Court said it had every right to use. Further, the Solicitor General's

given the fair and complete review required by the Supreme Court authority set forth in the Petition (Pet., pp. 39-41).

The duty of an appellate court not to disturb findings of fact unless they are found to be clearly erroneous after a review of the entire record is one of the most basic precepts of appellate review. Clearly, what the Panel did in this case "...so far departed from the accepted and usual course of judicial proceedings... as to call for an exercise of this Court's power of supervision." Sup.Ct. Rule 10.1(a).

---

suggestion that Panel members may have traveled to Tampa to review the exhibits is mere speculation (S.G. Brief, pp. 10-11, n. 8). All the Panel had to do was instruct the District Court clerk to supplement the record under Rule 10(e), F.R.App.P, and the exhibits would have been transmitted.

III. CREATING AN ENTIRELY NEW EVIDENTIARY PRESUMPTION WOULD RESULT IN AN UNWARRANTED AND DANGEROUS JUDICIAL AMENDMENT OF THE FEDERAL TRADEMARK STATUTE

There is no dispute that there are two separate elements that a trademark infringement plaintiff must prove; namely, 1) the plaintiff's mark is valid; and 2) the plaintiff's mark is protectible against the defendant's use of the accused mark, i.e., the defendant's use of its mark is likely to cause public confusion. Both issues involve a consideration of the strength of the plaintiff's mark. In Park 'N Fly, this Court determined that a plaintiff is entitled to rely on statutory presumptions that preclude "a substantive challenge to the validity of an incontestable mark on the grounds that it

lacks secondary meaning." Park 'N Fly, 469 U.S. at 203.

The question before this Court now is: was the Panel correct in holding that this presumption also applies in connection with the likelihood of confusion analysis?[2]

The Solicitor General concedes that the Panel's decision is not mandated by this Court's decision in Park 'N Fly (S.G. Brief, p. 13):

> To be sure . . . this Court's decision in Park 'N Fly does not dictate the presumption of relative strength adopted by the court of appeals.

---

[2]This was the determinative issue in this case, since the Panel agreed with the District Court's finding that Respondent failed to establish secondary meaning (Appendix, p. A9).

There was no binding precedent requiring this result.[3] Nor does the Lanham Act contain the presumption created by the Panel, even though it contains a specific list of other evidentiary presumptions. Adding another statutory presumption is the job of Congress, not the courts, and no such presumption was added when Congress amended Section 33(b)

---

[3]The Panel acknowledged that it was a case of first impression for the Eleventh Circuit (Appendix, p. A17). In fact, virtually all cases involving this issue since the Park 'N Fly decision support Petitioner's position that no such presumption is available. In addition to those outlined in the Petition, the Solicitor General has cited an August 2, 1990, decision by the Seventh Circuit Court of Appeals supporting Petitioner's position. Munters Corp. v. Matsui Am., Inc., 730 F.Supp. 790 (N.D. Ill. 1989), aff'd, 909 F.2d 250, (7th Cir. 1990). See also, Cullman Ventures Inc. v. Columbian Art Works, Inc., 13 U.S.P.Q. 2d 1257 (S.D.N.Y. 1989); Keds Corp. V. Renee Int'l Trading Corp., 888 F.2d 215 (1st Cir. 1989).

after the Park 'N Fly decision. There is no basis whatsoever for creating the implied presumption of strength advocated by the Solicitor General. Such a judicial amendment is unwarranted and unwise.

A. The Issues of Validity and Protectibility are Separate and Distinct

To apply a presumption of "middling" (S.G. Brief, p. 12) strength in connection with the issue of a trademark's validity makes sense. A merely descriptive mark is not entitled to registration unless it achieves a minimum level of distinctiveness. Once the United States Patent and Trademark Office ("PTO") grants a registration and accepts the incontestability declaration, this minimal level required under the

registration provisions of the statute should be presumed in a case in which the registrant's rights are being challenged.

In Park 'N Fly, this Court held that the purpose behind granting incontestable status was to provide a means for quieting title to the property in a trademark. Park 'N Fly, 469 U.S. at 198, citing Hearings, H.R. 82, 78th Cong., 2d Sess., pp. 112 and 144 (1944). See also, Hearings, S.895, 77th Cong., 2d Sess., p. 15 (1942).

This quieting of title is satisfied if a registrant's rights can no longer be easily challenged. In Park 'N Fly, the defendant sought cancellation of the asserted registration and claimed that the plaintiff's mark was unenforceable. In contrast, no such

challenge to the registrant's rights is before the Court in this case. Petitioner does not challenge the validity of Respondent's registration. Rather, Petitioner contends that the weakness of the mark, as well as the other likelihood of confusion factors considered by the District Court, prevented Respondent from succeeding in this case.

Indeed, the issue of a trademark's protectibility is entirely different from the question of its validity. The extent to which a registrant's (presumably valid) rights will be protected in the likelihood of confusion analysis focuses on consumer

perceptions[4], based on the facts of a particular case. This requires much more than a simple administrative act.

To preclude a defendant from attacking the strength of a plaintiff's mark in connection with the protectibility issue would be inappropriate, as this is the most crucial factor in the likelihood of confusion analysis. (Appendix, pp. A8, A56).

In the likelihood of confusion context, a defendant may take the position that a plaintiff's registration is valid and that a

---

[4]Trademarks are judged and protected in accordance with their distinctiveness. "...[T]he weaker the mark the less likely it is that consumers will view it as an indication of origin." Plus Products v. Plus Discount Foods, Inc., 722 F.2d 999, 1006 (3rd Cir. 1983). See generally J. Gilson Trademark Protection and Practice, § 2.01 (1990).

registered mark is presumed to have the minimal level of distinctiveness required under the registrability provisions of the statute.[5] However, that same defendant should be allowed to prove that those presumed rights are not strong enough to support a finding of infringement under the particular facts of its case.

The Solicitor General's proposed judicial amendment would create a presumption which would eliminate or ease a plaintiff's

---

[5]The Solicitor General urges a presumption of "middling" strength (S.G. Brief, p. 12). The Panel's went much further reversing the District Court's finding that Respondent's mark was "not entitled to strong protection. . . ." (Appendix, A19). Emphasis added.

burden of proof[6] based on nothing more than past administrative acts that may or may not have resulted from a considered evaluation of the mark's strength.[7] Such administrative acts simply cannot "make a weak mark strong". Oreck Corp. v. U.S. Floor Systems, Inc., 803

---

[6]Establishing that an initially weak mark has become strong has been widely acknowledged to be a heavy burden indeed. J. Gilson, 1 Trademark Protection and Practice, § 2.09[2] (1990).

[7]This case differs dramatically from the case before this Court in Park 'N Fly, as the PTO had specifically denied registrability based on descriptiveness, and arguments were submitted seeking reconsideration of this finding in that case. Upon reconsideration, a registration issued. Here, there was no such rejection and no such submission or reconsideration. Further, the acceptance of the incontestability affidavit does not include an evaluation of the basic concepts of registrability at all.

F.2d 166, 171 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987).

B. The Proposed Judicial Amendment Is Unrealistic

The Solicitor General's proposed presumption of strength would presumably be in effect from the moment the registration achieves incontestable status. But, what if a mark's strength diminishes over time? A court should be able to measure the strength of the mark in determining the issue of likelihood of confusion at the time of the challenge, taking current marketplace realities into account. A mark may have been registerable at the time the registration was

issued and yet later become descriptive.[8] The Lanham Act expressly recognizes this potential for change. Even an incontestable registration may be canceled or defended against if the mark is subsequently abandoned, "if the mark becomes" generic or "is being used" to violate the antitrust laws or "is being used" so as to misrepresent the source of the goods or services. (15 U.S.C. §§ 1064, 1115).

Adopting the Solicitor General's position would be highly detrimental to anyone conducting business in the United States. U.S. Courts could no longer consider a trademark's weakness in infringement

---

[8] 20th Century Wear, Inc. v. Sanmark-Stardust, Inc., 747 F.2d 81, 86 (2d Cir. 1984), cert. denied, 470 U.S. 1052 (1985).

actions involving incontestable trademark registrations, and would be forced to decide such cases on essentially hypothetical facts.

The unrealistic nature of such an approach is especially evident in a case such as this where Respondent's trade name was held to be generic and Respondent failed to convince the District Court that its trademark SHUTTERWORLD was strong. (Appendix, pp. A 59-61). To afford relief to a plaintiff under these circumstances simply because certain documents were filed with the PTO would alter significantly the most fundamental basis of U.S. trademark laws, to "secure trademark owners in the goodwill that they have built up." Park 'N Fly, 469 U.S. 213-24 (J. Stevens, dissent). If a trademark

owner has not "built up" or maintained a sufficient amount of goodwill to support an injunction against a particular defendant's use of its mark, "it seems difficult to believe that anyone would be likely to confuse anybody," id., and a court should have the power to so rule.

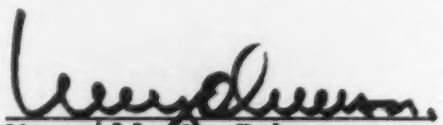
IV. CONCLUSION

Petitioner submits that its Petition and Appendix, the Opposition filed by Respondent, Petitioner's Reply to the New Issue Raised by Respondent's Opposition, the Brief for the United States as Amicus Curiae, and this Reply to the New Issues raised by the Brief for the United States have raised and thoroughly addressed all of the issues and, accordingly, the case is appropriate for

summary disposition on the merits under this Court's Rule 16.1.

Alternatively, Petitioner requests the Court to grant the Petition as to all questions presented and order the case to stand for briefing and oral argument pursuant to Rule 16.2.

Respectfully submitted,



Merrill N. Johnson
800 Harbour Drive
Naples, Florida 33940
(813) 262-8502

Attorney for Petitioner